

A sound internal financial reporting 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 compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

▶ 3.1 Delay in furnishing Utilisation Certificates

General Financial and Accounts Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Principal Accountant General within 12 months from the date of their sanction unless specified otherwise. However, of the 15,122 UCs due in respect of grants and loans aggregating Rs 2,877.37 crore paid during 1994-95 to 2007-08, 685 UCs (4.5 per cent) for an aggregate amount of Rs 27.10 crore were in arrears. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**. The age-wise position of delays in submission of UCs is summarised in the following table:

Table 3.1: Age-wise arrears of Utilization Certificates

Range of Delay in Number of Years	Total grants paid		Utilization Certificates Outstanding as on 31 march 2009	
	Number	Amount	Number	Amount
0 - 1	235	39.30	199	11.70
1 - 3	1,474	85.74	269	8.11
3 - 5	1,424	84.50	161	6.69
5 - 7	1,919	117.04	33	0.35
7 - 9	3,058	130.55	10	0.07
9 & above	7,012	2,420.24	13	0.18
Total	15,122	2,877.37	685	27.10

Out of 685 UCs worth Rs 27.10 crore pending as on March 2009, 430 UCs (63 per cent) involving Rs 14.80 crore (55 per cent) were pending for period ranging from one to five years and 56 UCs involving Rs 0.60 crore were pending for more than five years. Pendency of UCs mainly pertained to Science and Technology Department (288 UCs: Rs 1.69 crore), Social Welfare Department (351 UCs: Rs 4.07 crore), Industries Department (15 UCs: Rs 14.53 crore) and Family Welfare Department (one UC: Rs 4.86 crore).

In the absence of the certificate it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given.

3.2 Non-submission/delay in submission of accounts

In order to identify the institutions which attract Audit under Section 14 of the Comptroller and Auditor General's (Duties, Power and Condition of Service) Act, 1971, the Government/ Heads of the Department are required to furnish to audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of 83 bodies/authorities received during year 2007-08, attracted audit by CAG of India. The 31 bodies/ authorities, audit of which was due, were audited up to 2009-10 (September 2009).

The 211 annual accounts in respect of 108 autonomous bodies/ authorities due up to 2007-08 had not been received as of 30 September 2009 by the Principal Accountant General (Civil Audit), Rajasthan. The details of these accounts are given in **Appendix 3.2** and their age wise pendency is as follows:

Table 3.2: Age wise arrears of Annual Accounts due from Government Bodies

Delays in number of years	No. of the Bodies/ Authorities	Grants Received during preceeding year (Rs in lakh)
0-1 year	Nil	Nil
1-3 Years	86	28,303.42
3-5 Years	20	6,976.04
5-7 Years	02	383.63
7 and above	Nil	Nil
Total	108	35,663.09

The table disclosed that delay in submission of accounts of 86 (80 per cent) Autonomous Bodies/authorities ranged between one to three years. Further, two cases were more than five years old pertaining to a Senior Secondary School and a *Swacha Jal & Samudayik Swasthya* Project which were sanctioned grant of Rs 20.74 lakh and Rs 362.89 lakh respectively.

3.3 Delay in submission of accounts/Audit Reports of Autonomous Bodies

Three¹ autonomous bodies have been set up by the State Government in the field of legal aid, human rights and development of *Khadi* respectively. These bodies are audited by the CAG. The audit of accounts of Rajasthan Khadi & Village Industries Board in the State has been entrusted to the Comptroller and Auditor General of India while the audit of other two bodies has been entrusted to CAG as per provisions in their Acts. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in **Appendix 3.3**. The frequency wise distribution of autonomous bodies according to the delays in submission of accounts to Audit and placement of Separate Audit Report in the Legislature after the entrustment of Audit to CAG is given below:

Table 3.3 : Delays in submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (in months)	Number of Autonomous Bodies	Reason for the delay	Delays in submission of SARs in Legislature (in years)
0-1	—	—	Not intimated by Government
1-6	2	Not intimated by the Autonomous Bodies	Not intimated by Government
6-12	—	—	Not intimated by Government
12-18	1	Not intimated by the Autonomous Bodies	Not intimated by Government
18-24	—	—	Not intimated by Government
24 & above	1	Not intimated by the Autonomous Bodies	Not intimated by Government

¹ Rajasthan State Legal Services Authority, Jaipur; Rajasthan State Human Right Commission, Jaipur and Rajasthan Khadi & Village Industries Board, Jaipur.

▶ 3.4 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare pro forma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also expose the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of 2008-09, there were 12 such undertakings out of which two had not prepared accounts for 2007-08. The department-wise position as on 30 September 2009 of arrears in preparation of *pro forma* accounts and investment made by the Government are given in **Appendix 3.4**.

▶ 3.5 Misappropriations, losses, defalcations etc.

Rule 20 of General Financial and Accounts Rules Part-I provides that any loss of public money, departmental revenue or receipts, stamps, stores or other property held by or on behalf of Government caused by misappropriation, fraudulent drawal/payment or otherwise discovered in a treasury, any other office/ department shall be reported immediately by the officer concerned to the next higher authority as well as to the Principal Accountant General.

State Government reported 1,029 cases of misappropriation (340) and loss/theft (689) of Government money amounting Rs 39.53 crore during the year. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.5** and nature of these cases is given in **Appendix 3.6**. The age-profile of pending cases and the number of cases pending in each category-theft and misappropriation/ loss as emerged from these appendices are summarized in the following table:

Table 3.4 : Profile of Misappropriations, losses, defalcations etc.

Age-Profile of the pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount involved (Rs in lakh)	Nature of the cases	Number of Cases	Amount involved (Rs in lakh)
0-5	376	2,191.58	Theft/Loss of material	689	834.10
5-10	238	856.97			
10-15	225	569.75	Misappropriation	340	3,118.89
15-20	105	196.29			
20-25	54	88.09	Total	1,029	3,952.99
25 & above	31	50.31	Cases of losses Written off during the year	20	13.55
Total	1,029	3,952.99	Total Pending cases	1,029	3,952.99

A further analysis indicates that the reasons for which the cases were outstanding could be classified in the categories listed in the following table:

Table 3.5: Reasons for outstanding cases of Misappropriations, losses, defalcations etc.

Reasons for the Delay/ Outstanding Pending Cases	Number of Cases	Amount (Rs in lakh)
Awaiting departmental and criminal investigation	-	-
Departmental action initiated but not finalized	197	921.67
Criminal proceedings finalized but execution of certificate cases for the recovery of the amount pending	-	-
Awaiting orders for recovery or write off	734	2,663.31
Pending in the courts of law	98	368.01
Total	1,029	3,952.99

▶ 3.6 Conclusions and Recommendation

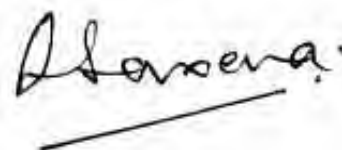
Out of 685 UCs for Rs 27.10 crore pending as on March 2009, 430 UCs (63 per cent) involving Rs 14.80 crore were pending for period ranging from one to five years and 56 UCs were pending for more than five years. In the absence of the certificate it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given. Annual accounts (211 numbers) in respect of 108 autonomous bodies/ authorities due up to 2007-08 had not been received by the Pr. Accountant General (Civil Audit), Rajasthan as of 30 September 2009.

Analysis of the pending misappropriation cases revealed that the cases related mainly to forgery in cash books, bungling in stocks kept in stores, improper maintenance of cash books and non-depositing of Government money in Treasury/Bank. Theft/loss cases were related to the theft of cash, stores, stock, vehicles and parts of vehicles, machinery and equipment etc. Out of 1029 pending cases, 734 cases amounting to Rs 2663.31 lakh were pending due to orders for recovery/write-off and other cases were pending for want of departmental investigation, decision of court and write-off sanction.

Recommendation

Departmental enquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases.

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