

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. 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 and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing Utilisation Certificates

Financial Rules (OGFR, Rule-173) provide that for the grants in which conditions are attached to the utilisation of the grants, Utilisation Certificates (UCs) should be furnished by the grantee institutions in duplicate (in form OGFR-7A) countersigned by the disbursing authorities so as to reach the Administrative Department by 1 June of the succeeding year. One copy of the certificate shall be retained in the Administrative Department and another copy shall be sent to the office of the Principal Accountant General (A&E), Orissa, by 30 June of that year.

At the close of March 2010, an amount of ₹ 19731.50 crore remained outstanding in the books of Principal Accountant General (A&E) for want of UCs from the grantee institutions. Year wise break up of outstanding UCs is given below:

Table 3.1: Year wise break up of outstanding Utilisation Certificates in respect of GIA.

(Rupees in crore)

Year	Total Amount Drawn during the year	Outstanding UCs	Percentage of outstanding amount	No. of Grants-in-aid(GIA) vouchers awaiting UCs
2003-04	1485.63	1449.25	97.55	13417
2004-05	1367.24	1286.19	94.07	10169
2005-06	1862.52	1620.13	86.99	13589
2006-07	2597.29	2322.44	89.42	16411
2007-08	3696.03	3486.55	94.33	19137
2008-09	4585.64	4349.13	94.84	21327
2009-10	5273.70	5217.81	98.94	20887
Total	20868.05	19731.50	94.55	114937

Source: Finance Accounts for the year 2009-2010 (Notes to Accounts)

However, at the end of August 2010 utilisation certificates (UCs) due in respect of grants aggregating to ₹ 2081.66 crore were in arrears in units audited during the year viz. Autonomous bodies (26), Urban Local Bodies (53) and Panchayati Raj Institutions (1234). The department-wise break-up of outstanding UCs is given in *Appendix 3.1 and Appendix 3.2*. The huge pendency was mainly due to non-adherence to the existing instruction for watching timely receipt of UCs and further release of grants by them as a matter of routine without insisting on UCs for earlier grants as stipulated in the sanction orders.

▶ 3.2 Non-submission / delay in submission of details of Grants / Loan paid

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions 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. Further, Regulation on Audit and Accounts 2007 provides that Governments and heads of departments which sanction grants and/or loans to bodies or authorities shall furnish to the audit office by end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating rupees 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance; (b) the purpose for which the assistance was sanctioned; and (c) the total expenditure of the body or authority. As of August 2010, no department of the Government has furnished such details for the year 2009-2010.

However, two new bodies/units were identified under Section 14(1) of C&AG's DPC Act 1971 during the year 2009-2010. Further, two departments viz. Tourism and Culture and Textile and Handloom were selected under Section 15 of C&AG's DPC Act 1971 for audit during the year.

▶ 3.3 Delays in Submission of Accounts / Audit Reports of Autonomous Bodies

As many as 214 autonomous bodies under various sectors of the Government of Orissa have been identified for audit by the Comptroller and Auditor General of India with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions, review of internal management and financial control, review of system and procedures etc. Out of 44 bodies identified for State Separate Audit Reports (SARs), SARs in respect of 31 bodies (One Orissa State Legal Service Authority and 30 district

Legal Services Authorities) were issued in 2009-10 and entrustment in respect of remaining 13 bodies has been sought for from the State Government.

▶ 3.4 Departmentally Managed Commercial Activities

The departmentally managed commercial activities of certain Government departments performing activities of quasi-commercial nature are required to prepare proforma 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 activities 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 open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that these units prepare such accounts and submit the same to Principal Accountant General (Civil Audit) for audit within a specified time frame. As of June 2010, there were 16 such undertakings and none had prepared accounts up to 2009-10. Out of 16, four undertakings/activities remained inoperative or closed. Their assets and liabilities were not fully disposed of or liquidated by the Government. The details about non-operation or closure were not available. In respect of two schemes viz. (i) purchase and distribution of quality seeds to cultivators and (ii) Poultry Development, Government had not prescribed the preparation of proforma accounts; only Personal Ledger Accounts were opened during 1977-78 and 1979-80 respectively. The Comptroller and Auditor General of India have repeatedly commented about the arrears in preparation of accounts in Audit Reports (Civil) but there is no improvement so far in preparation of proforma accounts by these undertakings. The department-wise position of arrears in preparation of proforma accounts and investment made by the Government are given in *Appendix 3.3*.

▶ 3.5 Misappropriations, losses, defalcations etc.

As per Rule-19 of OGFR Volume I Government Officers are empowered to report such cases of loss of money, departmental revenue, stores or other properties to his immediate superior officers as well as to Accountant General (Audit) where amount is ₹ 500 or more. Various departments of the State Government reported that there were 1797 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹ 17.21 crore up to the period ending March 2010 on which final action was pending. The department-wise break up of pending cases and age wise analysis is given in

Appendix 3.4 and nature of these cases is given in *Appendix 3.5*. The age-wise profile of the pending cases and the number of cases pending under each category of theft and misappropriation/loss as emerged from these appendices are summarized in **Table 3.2**.

Table 3.2: 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 (Rupees in lakh)	Nature/Characteristics of the Cases	Number of Cases	Amount Involved (Rupees in lakh)
0 - 5	45	156.55	Theft	811	428.82
5 - 10	105	281.55			
10 - 15	297	296.27	Misappropriation/Loss of material	986	1292.28
15 - 20	341	436.87			
20 - 25	244	60.12			
25 & above	765	489.74			
Total	1797	1721.10	Total Pending cases	1797	1721.10

Two cases of losses involving ₹ 0.57 lakh written off during the year 2009-10 are detailed in *Appendix 3.6*.

The reasons for which the above cases were outstanding are classified in to five categories; a summary of which is given in **Table 3.3** below.

Table 3.3: Category wise cases of Misappropriations, losses, defalcations, etc. pending finalisation

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (Rupees in lakh)
i)	Awaiting departmental and criminal investigation	482	489.98
ii)	Departmental action initiated but not finalised	619	710.38
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	33	20.33
iv)	Awaiting orders for recovery or write off	505	199.99
v)	Pending in the courts of law	158	300.42
Total		1797	1721.10

▶ 3.6 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per provisions of SR 260 and 261 of Orissa Treasury Code Vol. I (OTC) read with Rule 84 of the Orissa General Financial Rule (OGFR), every drawing and disbursing officer has to certify in each Abstract Contingent (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for counter signature and onward transmission to the Accountant General. The total amount of Detailed Countersigned Contingent (DCC) bills received up to 2009-10 was only ₹ 151.14 crore against the amount of AC bills of ₹ 241.45 crore leading to an outstanding balance of DCC bills of ₹ 90.31 crore as on 31 March 2010. Year wise details are given in **Table 3.4**.

Table 3.4: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in crore)

Year	AC bills		DCC bills		DCC bills as percentage of AC bills	Outstanding AC bills	
	Number	Amount	Number	Amount		Number	Amount
Upto 2004-05	22711	63.49	13358	44.07	69.41	9353	19.42
2005-06	12817	14.48	11583	12.70	87.71	1234	1.78
2006-07	16158	39.51	14866	34.36	86.97	1292	5.15
2007-08	13416	23.31	11825	19.46	83.48	1591	3.85
2008-09	8594	51.72	7060	29.90	57.82	1534	21.82
2009-10	8882	48.95	1501	10.66	21.79	7381	38.29
Total	82578	241.46	60193	151.15	62.60	22385	90.31

Source: Finance Accounts, 2009-10 (Vol-I) and information furnished by PAG (A&E).

The outstanding AC bills were in Home (₹ 37.98 crore), Home (Election) and Panchayati Raj (₹ 34.05 crore) Departments. Delay in submission of DCC bills is fraught with the risk of serious financial indiscipline/ misappropriation. The department-wise pendency of DCC bills for the period as of March 2010 is detailed in *Appendix 3.7*. *As the amount is already charged to the works/ activities concerned, delayed adjustment of unspent balances may lead to booking of excess of cost than actual expenditure, temporary misappropriation of funds, amounts of unspent advances remaining out of Government account.*

▶ 3.7 Un-reconciled expenditure

To enable Controlling Officers of Departments to monitor and progress of expenditure to keep it within the budget grants and also to ensure accuracy of their accounts, Orissa Budget Manual (Rule 133) and Orissa General Financial Rules (Rule 318 and 319) stipulate that expenditure recorded in their books be

reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). *Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2009-10 also as three Controlling Officers did not reconcile expenditure amounting to ₹ 27.84 crore fully as of 31 March 2010, as given in Table 3.5.*

Table 3.5: List of controlling officers where amounts remained un-reconciled during 2009-10

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Commissioner-Cum-Secretary, Fisheries and Animal Resources Development Department	0.55
2.	Director, Teachers Education and SCERT	24.42
3.	President, State Selection Board	2.87
	TOTAL	27.84

Source: Information furnished by AG (A&E)

▶ 3.8 Personal Deposit Account

Note below Rule 141 read with sub-rule (3) of Orissa Budget Manual (OBM) provides that no money should be withdrawn from the treasury unless it is required for immediate use. Nor it is permissible to draw money from the treasury and then to place it in deposit in order to avoid lapse of allotment. If under any special circumstances money is drawn in advance (under the orders of competent authority), the unspent balance of the amount so drawn should be refunded to the treasury at the earliest possible opportunity and in any case before the end of the financial year in which the amount was drawn. Further, according to the provisions of the Orissa Treasury Code, Volume I (Rule 423) Personal Deposit (PD) accounts remaining in-operative for three full financial years are to be closed automatically and the unspent balances are to be transferred to Government Account for which the Treasury Officers are to furnish detailed information to the Accountant General (A&E) immediately after 31 March of each financial year.

There were 926 PD accounts are being operated in the State with a closing balance of ₹ 555.02 crore under the head 8443-Civil Deposits-106-Personal Deposits as of March 2010. During 2009-10, ₹ 1295.73 crore were transfer credited from the Consolidated Fund of the State to these PL Accounts and incurred expenditure there from ₹ 1062.83 crore resulting in a net increase of ₹ 232.90 crore (72 per cent) of the cumulative balance. Besides, inspection of Treasuries by the office of the Principal Accountant General (A&E) during 2009-10 disclosed that huge balances under several personal deposit accounts

had been irregularly kept rolling without operation for years together and no effort was made for final closure of such accounts. A few example of such PL accounts (15 cases) lying inoperative with closing balances of ₹ 0.7 crore as indicated in **Table 3.6. Government may review such PD accounts for their final closure.**

Table 3.6: Statement showing non-closure of in-operative Personal Deposit Accounts

Sl. No	IR No of O/o Pr AG (A&E)	Para No.	Name of the Treasury / Sub-Treasury	Name of the Administrator/DDO last transaction	Balance as on 31 March 2010 (in Rupees)
1	2	3	4	5	6
1	84/2009-10	6(e)	District Treasury, Sundargarh	Collector, Sundergarh	1420203
				ASCO(Survey), Sundergarh	4269
2	86/2009-10	2(f)	District Treasury, Nuapada	Headmistress, S.T.S., Nuapada	16197
3	63/2009-10	5(f)	District Treasury, Angul	Principal, Forest Rangers College, Angul	23727
4	65/2009-10	4(e)	District Treasury, Jagatsinghpur	ASCO, Jagatsingpur.	19000
5	13/2009-10	4	District Treasury, Keonjhar	Collector, (Civil Supply Office)	1508904
				Headmistress, BNHS, Anandapur	17855
6	48/2009-10	2(a)	District Treasury, Puri	Collector, Puri	1000
				Soil Conservation Officer, Puri	752868
7	49/2009-10	5	District Treasury, Malkangiri	PDPS, CADA	2367635
				ASCO	345940
8	72/2009-10	5	District Treasury, Gajapati	Special Planning Authority, Parlakhemundi	10377
9	77/2009-10	5	District Treasury, Mayurbhanj	Collector, Mayurbhanj	474877
				Soil Conservation Officer, Baripada	11473
				Headmistress, Secondary Training School, Baripada	25524
			TOTAL	15	6999849

Source: Pr A G (A&E), Orissa

▶ 3.9 Conclusion and Recommendations

There is a huge pendency in receipt of utilization certificates relating to grants-in-aid paid to various autonomous bodies, Panchayati Raj institutions and Urban Local Bodies. This was due to release of grants by the Government as a matter of routine without watching for timely receipt of UCs for earlier grants as provided in the General Financial Rules and sanction orders for release of grants (*Paragraph 3.1*).

Internal controls need to be strengthened in the executing agencies to utilise the fund within the stipulated time to avoid delay in submission of utilisation certificates.

Administrative Departments of the Government did not furnish to the Principal Accountant General (Civil Audit) information on the list of bodies / authorities, to whom grants and / or loans were paid, the purpose for which such assistance were paid and position of utilisation of such assistance during 2009-10 as required under the provisions of C&AG's Audit and Accounts Regulations 2007. Besides, as many as 16 departmentally managed commercial entities did not prepare accounts up to 2009-10 despite repeated comments in the earlier Audit Reports. (*Paragraph 3.2 and 3.3*)

Administrative Departments of government may strengthen their internal control mechanism for timely furnishing of information to Principal Accountant General (Civil Audit) in respect of bodies/authorities to whom grant/loans paid and finalization of arrears in accounts of the departmentally managed commercial activities.

As per reports of different departmental offices, 1797 cases of misappropriation, defalcation involving Government money of ₹ 17.21 crore were pending for enquiry up to 25 years or more. (*Paragraph 3.5*)

Government Departments may expedite departmental enquiries and finalise all fraud/misappropriation cases in a time bound manner.

Contrary to the provisions of financial rules, Controlling Officers did not submit (July 2010) Detailed Countersigned Contingent Bills to the Accountant General (A&E) in respect of ₹ 90.31 crore drawn on Abstract Contingent Bills (22385 cases) upto 31 March 2010. Many of these cases related to periods prior to 2004-05. (*Paragraph 3.6*)

Government may ensure timely adjustment of pending DCC bills as stipulated in the financial rules.

Although set procedure for department wise reconciliation with the books of the office of AG (A&E) exists, the same was not observed by some departments of the government. (*Paragraph 3.7*)

The Chief Controlling Officers may ensure monthly reconciliation of expenditure with that of the books of AG (A&E).

Funds are remaining unspent in many inoperative PD Accounts for years together without being credited back to Government Accounts at the end of 2009-10. *(Paragraph 3.8)*

Government may take suitable measures for closure of the inoperative PD accounts as provided in the codal provisions.

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the fact that the *de novo* synthesis of cholesterol is inhibited by the presence of dietary cholesterol.

There is a strong correlation between the amount of cholesterol in the diet and the amount of cholesterol in the blood. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of saturated fat in the diet. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of trans fat in the diet. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of fiber in the diet. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of exercise. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of stress. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of alcohol. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of smoking. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of family history. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of age. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of weight. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of blood pressure. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of diabetes. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of kidney disease. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of liver disease. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of heart disease. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of stroke. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of cancer. The correlation is stronger in men than in women.

The amount of cholesterol in the blood is also affected by the amount of death. The correlation is stronger in men than in women.

APPENDICES

