

## CHAPTER III FINANCIAL REPORTING

A sound internal financial reporting system with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The 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 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 Utilization Certificates

General Financial Rules provide that Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise in respect of grants provided for specific purposes. However, 1659 UCs aggregating to ₹ 693.95 crore in respect of grants and loans paid during 2007-11 were in arrears as of March 2011. The department-wise break-up of outstanding UCs is given in Appendix-3.1 and the year-wise break-up of outstanding UCs is summarized in the table below:

**Table 3.1 Year-wise arrears of Utilization Certificates**

(₹ in crore)

Year	Total Grant paid		Utilization Certificates outstanding	
	No. of cases	Amount	No. of certificates	Amount
2010-11	695	394.26	695	394.26
2009-10	152	105.79	152	105.79
2008-09	721	149.16	721	149.16
2007-08	91	44.74	91	44.74
<b>Total</b>	<b>1659</b>	<b>693.95</b>	<b>1659</b>	<b>693.95</b>

UCs were mainly pending in respect of Development of Tribals and Backward classes (486 UCs: ₹ 131.11 crore), Forest (47 UCs: ₹ 94.95 crore), Planning (28 UCs: ₹ 86.06 crore) and Rural Development and Panchayati Raj (155 UCs: ₹ 79.79 crore). These four departments together accounted for 716 UCs (43 *per cent*) out of 1659 outstanding UCs; involving an amount of ₹ 392.02 crore (57 *per cent*) out of outstanding amount of ₹ 693.95 crore. In the absence of UCs it could not be ascertained whether the recipients had utilized 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 Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Governments/Heads of the Departments 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 annual accounts of nine<sup>1</sup> Autonomous Bodies/Authorities due upto 2010-11 had not been received (December 2011) by the Accountant General (Audit). The details of these accounts are given in Appendix-3.2 and their age-wise pendency is presented in table below.

**Table 3.2 Age-wise Arrears of Annual Accounts due from Autonomous Bodies**

<b>Delay in Years</b>	<b>No. of the Bodies/Authorities</b>	<b>Grants Received</b>
0 – 1	2	NA
1 – 3	2	NA
3 – 5	1	NA
5 & above	3	NA
<b>Total:</b>	<b>8</b>	

<sup>1</sup> In respect of Executive Director, DRDA, Bishnupur, the year upto which accounts have been completed has not been intimated and not incorporated in the above table.

Out of 17 Autonomous Bodies/Authorities, annual account of 2010-11 of eight autonomous bodies/authorities have been received, of which audit of accounts of seven autonomous bodies/authorities<sup>2</sup> have been completed as of March 2011. In respect of two autonomous bodies<sup>3</sup>, the annual accounts are outstanding for more than nine years.

### 3.3 Delays in submission of Accounts/Audit Reports of Autonomous Bodies

Six Autonomous District Councils (ADC) and one Autonomous Body *i.e.* Legal Services Authority have been set up by the State Government. These Bodies are audited by the Comptroller and Auditor General of India (C&AG). Review of internal management and financial control, review of system and procedures etc. is also conducted by Audit. The audit of accounts of these seven Bodies in the State has been entrusted to the C&AG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature are indicated in Appendix 3.3. Delay in placement of SARs in the Legislature after issuing them is summarized in the table below:

**Table 3.3: Delay in submission / placement of Separate Audit Reports as on 31 March 2011**

Sl. No.	Name of the ADC/ Autonomous Bodies	Year of SAR	Date of issue	Date of placement in the Legislature	Delay in submission to the Legislature
1	Churachandpur	1998-99	29.12.00	17.03.06	Over 5 years
2	Senapati	1999-00	6.12.01	17.03.06	Over 4 years
3	Tamenglong	1999-00	11.12.01	17.03.06	Over 4 years
4	Ukhrul	1999-00	11.12.01	17.03.06	Over 4 years
5	Sadar Hills	2000-01	10.04.03	17.03.06	Over 3 years
6	Chandel	2001-02	06.12.04	17.03.06	Over 1 year

The above table shows that SAR pertaining to the period 1998-99 in respect of ADC, Churachandpur was placed in the Legislature after a lapse of over five

<sup>2</sup> DRDAs (Imphal East, Ukhrul, Senapati, Churachandpur, Tamenglong), Manipur Development Society and Eastern Border Area Development Authority.

<sup>3</sup> Manipur State Kala Academy and Manipur Pollution Control Board

years while the SARs for the period 1999-00 in respect of ADCs of Senapati, Tamenglong and Ukhrul was placed after a lapse of over four years from the date of issue. The SAR in respect of ADC, Sadar Hills for the period 2000-01 was placed after a lapse of over three years from the date of issue while in respect of ADC, Chandel it was placed after a lapse of one year.

The reasons for the delay in submission/placement of the SARs in the Legislature though called for (September and November 2011) have not been intimated (February 2012).

### **3.4 Misappropriations, losses, defalcations etc.**

Information regarding non-adjustment of temporary advances, reasons for non-adjustment, delay in furnishing utilization certificates, non-submission/delay in submission of accounts, cases of misappropriation, losses, defalcations, if any, were called for from 51 departments/ autonomous bodies.

However, information in respect of seven departments/ autonomous District Council/Corporations viz., Irrigation and Flood Control Department, Taxation Department, Transport Department, Science and Technology Department, Manipur Industrial Development Corporation Ltd., Manipur Handloom and Handicrafts Development Corporation Ltd. and Autonomous District Council, Churachandpur were received (December 2011). Non-adjustment of advance of ₹ 0.16 crore for less than one year (Science and Technology Department) and ₹ 145.37 crore for more than 10 years (Manipur Industrial Development Corporation Ltd.)(MANIDCO) was reported. While the advance in respect of Science and Technology Department could not be adjusted as clarification on expenditure was awaited from the Government, no reason was furnished in respect of MANIDCO. The Corporation also further reported (September 2011) three cases of misappropriation/losses/defalcation etc. amounting to ₹ 339 lakh; but no reasons were furnished (February 2012).

**3.5 Conclusion and recommendations**

Utilization Certificates in respect of 1,659 grants and loans paid during 2007-11 involving ₹ 693.95 crore were in arrear as of March 2011. There were also delays in placement of Separate Audit Reports to Legislature and huge arrears in finalization of accounts by the ADC/Autonomous Bodies. Out of 51 departments/Autonomous bodies, only seven replies were received to ascertain the status of non-adjustment of temporary advances, misappropriation, losses *etc.* (Paras 3.1, 3.2, 3.3 and 3.4).



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