

CHAPTER III
FINANCIAL REPORTING

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A sound internal financial reporting system and the availability of relevant and reliable information significantly contribute to efficient and effective governance. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the State or Union Territory Governments in meeting their basic stewardship responsibilities, including strategic planning and decision making. This chapter provides an overview and status of the Union Territory Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delays in furnishing Utilisation Certificates

Rule 212 of the General Financial Rules stipulates that for grants released during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees within 12 months of the closure of the financial year. However, in respect of the grants paid upto March 2011, 1889 UCs for an aggregate amount of ₹ 490.59 crore were not furnished by the grantees as of September 2012. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**. The age-wise pendency in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

Sl. No.	Range of delay in number of years	Utilisation Certificates Outstanding	
		Number	Amount (₹ in crore)
1	0 – 1	645	194.74
2	1 – 3	675	185.91
3	3 – 5	259	52.31
4	5 – 7	163	30.72
5	7 – 9	70	13.06
6	9 and above	77	13.85
	Total	1,889	490.59

(Source: Compiled from the information furnished by the heads of department)

Out of 1,889 UCs for ₹ 490.59 crore pending as of September 2012, 934 UCs (49 per cent) involving ₹ 238.22 crore were pending for periods ranging from one to five years, while 310 UCs involving ₹ 57.63 crore were pending for more than five years. Pendency of 1,024 UCs for an aggregate amount of

₹ 211.28 crore and 302 UCs for an aggregate amount of ₹ 98.39 crore pertained mainly to the Director of Local Administration and the Chief Town Planner respectively.

Non-receipt of UCs for huge amounts indicated that the departmental officers failed to ensure adherence to the terms and conditions governing release of grants by the grantee institutions. Further, in the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which they were given.

3.2 Non 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 Government/heads of the department are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which the assistance was given and the total expenditure of these institutions.

The annual accounts of 23 autonomous bodies/authorities due upto 2010-11 had not been submitted to the Principal Accountant General (General and Social Sector Audit) as of December 2012. The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**. In addition, the list of bodies/authorities, from whom the accounts were not at all received since their inception, are given in **Appendix 3.3**.

Table 3.2: Age-wise arrears of Annual Accounts due from Autonomous Bodies/Authorities

Serial Number	Pendency in number of years	Number of the Bodies/Authorities
1	1 – 3	16
2	3 – 5	07
Total		23

(Source: Compiled from the information furnished by the heads of department)

Due to non-receipt of annual accounts from a substantial number of autonomous bodies/authorities which received Government assistance, the Government/heads of departments could not ensure that the bodies/authorities carried out the functions for which they were established and that they utilised the Government grants for the intended purposes.

3.3 Non adjustment of Temporary Advances

The Drawing and Disbursing Officers (DDOs) draw temporary advances and disburse them to Government servants for the purpose of meeting contingent and miscellaneous expenditure either on the authority of standing orders or specific sanctions of the UT Government. According to Rule 292 (2) of the General Financial Rules adjustment bills along with balances, if any, should be submitted by the DDOs within 15 days of the drawal of advances, failing which the advances/balances would be recovered from the next salary of the Government servants.

As of 31 March 2012, advances aggregating ₹ 396.09 crore were pending for adjustment by the DDOs as per the records of the Director of Accounts and Treasuries, Puducherry. Age-wise analysis of the pending advances is given in **Table 3.3**.

Table 3.3 : Age-wise Analysis of Pending Advances

Sl. No	Pendency	Number of advances	Amount (₹ in crore)
1.	More than 10 years	36	1.21
2.	More than five years but less than 10 years	341	29.65
3.	More than one year but less than five years	733	129.35
4.	Less than one year	1,098	235.88
Total		2,208	396.09

(Source: Data furnished by the Director of Accounts and Treasuries)

It was noticed that Directorate of School Education (268 cases), Agriculture Department (191 cases), Electricity Department (136 cases), Social Welfare Department (125 cases) and Directorate of Women and Child Development (111 cases) contributed to this large scale pending. This indicated laxity on the part of the departmental officers in enforcing the codal provisions regarding adjustment of the advances involving substantial amounts.

3.4 Misappropriation, loss, defalcation, etc.

General Financial Rules 33 and 34 stipulate that heads of offices should report any loss or shortage of public moneys, property, etc., due to defalcation, misappropriation and theft to the next higher authority as well as to the Statutory Audit Officer.

The Union Territory Government departments reported 307 cases of misappropriation, loss, defalcation, etc., involving Government money

amounting to ₹ 38.95 crore up to March 2012, on which final action was pending. The department-wise break-up of the pending cases and the nature of these cases are given in **Appendix 3.4**. The Electricity Department accounted for bulk of the cases (244) and amount (₹ 38.07 crore). The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss etc., are summarised in **Table 3.4**.

Table 3.4 : Profile of misappropriation, loss, defalcation, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature of the cases	Number of cases	Amount involved (₹ in lakh)
0 - 5	21	3,155.64	Theft/Loss of material	296	3,736.65
5 - 10	82	723.12			
10 - 15	97	8.89	Misappropriation	11	158.26
More than 15	107	7.26			
Total	307	3894.91	Total	307	3,894.91

(Source: Compiled from the information furnished by the heads of department)

The reasons for the outstanding are given in **Table 3.5**.

Table 3.5: Reasons for outstanding cases of misappropriation, loss, defalcation, etc.

Reasons for the pendency		Number of cases	Amount (₹ in lakh)
i)	Awaiting departmental and criminal investigation	258	19.80
ii)	Departmental actions initiated but not finalised	13	64.12
iii)	Awaiting orders for recovery or write off	14	8.25
iv)	Pending in Courts of law	22	3,802.74
Total		307	3,894.91

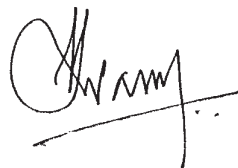
(Source: Compiled from the information furnished by the heads of department)

3.5 Conclusion and Recommendations

There was large scale pendency in furnishing of Utilisation Certificates by various grantee institutions for grants-in-aid of ₹ 490.59 crore. The pendency

ranged from one to more than nine years. Twenty three autonomous bodies/authorities had not submitted to Audit their annual accounts due for the period upto 2010-11 as of December 2012. Temporary advances aggregating to ₹ 396.09 crore were pending for adjustment by the Drawing and Disbursing Officers. The Union Territory Government departments reported 307 cases of misappropriation, loss, defalcation, etc., involving Government money of ₹ 38.95 crore upto March 2012. Final actions on these cases were pending for periods ranging from one to more than 15 years.

Heads of Department should ensure prompt submission of the Utilisation Certificates by the grantee institutions and annual accounts by the autonomous bodies/authorities. Action should be taken to adjust the pending temporary advances or to recover the amount from the Government servants concerned. Government/Heads of Departments should initiate action for speedy enquiry into pending cases of loss, etc., and expedite orders on recovery or write off of outstanding cases of misappropriation, theft, loss, etc.



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