

CHAPTER – III : Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. Compliance to financial rules, procedures and directives and the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. 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 compliance of various financial rules, procedures and directives during the current year.

3.1 Utilisation Certificates

In respect of grants sanctioned for specific purposes, concerned Departmental officers are required to obtain Utilisation Certificates (UCs) from the grantees, which are to be forwarded to the Accountant General, after verification. However, for Grants-in-aid paid up to 2010-11, 226 UCs for an aggregate amount of ₹ 187.70 crore were awaited. During 2011-12, 122 UCs for an aggregate amount of ₹ 291.26 crore were awaited. A Department-wise analysis of the same is shown in **Appendix 3.1**.

3.2 Non-submission/Delay in Submission of Accounts

In order to identify 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 Departments are required to furnish to Audit every year detailed information regarding financial assistance given to various Institutions, purposes of the assistance granted and the total expenditure of the Institutions.

The Annual Accounts of 20 Autonomous Bodies/Authorities due up to 2011-12 have still not been received by the Accountant General as on December 2012. Details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in the Table below.

Table 3.1

Sl. No.	Delay (in Years)	Number of Bodies/Authorities from whom Annual Accounts are awaited
1.	0 – 1	04
2.	1 – 3	09
3.	3 – 5	-
4.	5 – 7	05
5.	7 – 9	01
6.	9 and above	01

Out of 20 Bodies/Authorities, Annual Accounts in respect of one organization, viz., District Rural Development Agency, Seppa, was outstanding for 16 years.

3.3 Misappropriation, Losses, Defalcation, etc.;

According to Rule 33 of the General Financial Rules, 2005, any loss or shortage of public money, Departmental revenue or receipts, etc.; held by or on behalf of the Government, irrespective of the cause of loss and manner of detection, shall be immediately reported by the subordinate authority concerned to the next higher authority and to the Statutory Audit Officer and the Accounts Officer, even when such loss has been made good by the party responsible for it.

The State Government reported 14 cases of misappropriation, defalcation, etc., involving Government money amounting to ₹ 21.18 lakh up to the period 31 March 2012, on which final action was pending. A Department-wise break up of pending cases of misappropriation, losses, etc., is given in **Table 3.2** below.

Table 3.2: Department-wise break up of Pending Cases

(₹ in lakh)

Department	Theft		Misappropriation		Loss of Government Material		Total	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
Public Works	12	15.61	1	0.04	-	-	13	15.65
Fisheries	1	5.53	-	-	-	-	1	5.53
TOTAL	13	21.14	1	0.04	-	-	14	21.18

The age profile of pending cases and number of cases pending in each category (theft, misappropriation, loss) are summarised in **Table 3.3**.

Table 3.3: Profile of Thefts, Misappropriations, Losses, Defalcations etc.;

(₹ in lakh)

Age Profile of Pending Cases			Nature of Pending Cases		
Range (in Years)	Number of Cases	Amount Involved	Nature/Characteristics of Cases	Number of Cases	Amount Involved
0-5	6	19.85	Theft	13	21.14
5-10	1	0.65			
10-15	2	0.08			
15-20	2	0.47	Misappropriation/Losses	1	0.04
20-25	3	0.13			
	-	-	TOTAL	14	21.18
	-	-	Cases of losses Written off during the Year	-	-
	-	-	Recovery during the Year	-	-
TOTAL	14	21.18	TOTAL PENDING CASES	14	21.18

Out of ₹ 21.18 lakh, the highest number of cases and number of thefts, misappropriations, losses, etc., was ₹ 15.65 lakh in the Public Works Department involving 13 cases.

3.4 Conclusion and Recommendations

The State Government's compliance with various rules, procedures and directives was wanting, as evident from delays in furnishing Utilisation Certificates for Grants given by a Department. There were instances of losses and misappropriation in various Departments, which remained unsettled for periods ranging from one to 10 years.

Internal Control in all Departments/Organisations should be strengthened to prevent the above deficiencies. Efforts should be made to bring the defaulters to book.

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