

Chapter - 3

Financial Reporting

Sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by a 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 Delhi Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

Departmental officers are required to obtain certificates of utilization (UCs) of grants from the grantee, i.e. statutory bodies, non-governmental institutions etc. indicating that the grants had been utilised for the purpose for which these were sanctioned and where grants were conditional, the prescribed conditions had been fulfilled. According to the information furnished by the Principal Pay and Account office, Delhi Government, the age-wise delay in submission of UCs is summarized in **Table 3.1** below.

Table 3.1: Age-wise arrears in submission of utilization certificates

(₹ in crore)

Sl. No.	Range of delayed number of years	Total grants released		utilization certificates outstanding	
		Number	Amount	Number	Amount
1.	0-2	427	6490.57	352	2922.13
2.	2-4	360	3044.83	322	3030.61
3.	4-6	1303	2027.37	1303	2027.37
4.	6-8	200	960.34	200	960.34
5.	8-10	200	1874.68	200	1874.68
6.	10 & above	2067	3776.49	2067	3776.49
	Total	4587	18174.28	4444	14591.62

From the above table, it would be seen that 4587 number of grants amounting to ₹ 18174.28 crore were given till 31 March 2011. Out of 4587 grants, 4444 UCs amounting to ₹ 14591.62 crore were awaited from various autonomous bodies at the end of March 2012. Out of 4444 outstanding UCs, 2067 UCs (46.51 *per cent*) amounting to ₹ 3776.49 crore were due for more than 10 years.

The major defaulter was the Urban Development Department contributing ₹ 13651.31 crore (93.56 *per cent*) of the arrears. In turn Municipal Corporation of Delhi, erstwhile Delhi Vidyut Board, Delhi Jal Board and New Delhi Municipal Council were the main defaulters who did not furnish UCs of the grants received from Department of Urban Development. Department-wise as well as year-wise position of outstanding UCs is given in **Appendix 3.1**.

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 Government/Heads of 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 these institutions. Out of nine¹ autonomous bodies under the audit jurisdiction of this office, the annual accounts of only four² autonomous bodies/authorities for the year 2010-11 were received and audited during the year 2011-12.

The annual accounts of remaining five autonomous bodies/authorities due up to 2010-11 had not been received as of March 2012 in the office of Principal Accountant General (Audit), Delhi. The details of these outstanding accounts are given in **Table 3.2** below:

Table 3.2: Statement showing names of bodies and authorities, the accounts of which had not been received

Sl. No.	Name of the body/authority	Year for which accounts had not been received	No. of years for which accounts pending	Grants received (₹ in lakh)
1	Delhi Building and Other Construction Workers welfare Board,	2002-03 to 2010-11	9	-
2	Netaji Subhash Institute of Technology (NSIT)	2008-09 to 2010-11	3	Non Plan 292.00 Plan 650.00
3	Delhi Jal Board (DJB)	2006-07 to 2010-11	5	Plan 104444.50
4	Indraprastha Institute of Information Technology	2008-09 to 2010-11	3	Plan 1000
5	Delhi Urban Shelter Improvement Board	2010-11	1	-
Total			21	

It may be seen from the table that 21 annual accounts upto the year 2010-11 of five autonomous bodies/authorities were pending for submission. In case of Delhi Building and Other Construction Workers Welfare Board, nine annual accounts since inception (2002-03), were pending. Netaji Subhash Institute of Technology did not submit three annual accounts since 2008-09 whereas Delhi Jal Board had to submit its five accounts from 2006-07 onwards whereas Indraprastha Institute of Technology and Delhi Urban shelter improvement Board had not submitted three and one accounts respectively since their inception (2008-09 and 2010-11).

¹ (i) Delhi Building and Other Construction Workers Welfare Board (ii) Delhi Electricity Regulatory Authority, (iii) Delhi Jal Board, (iv) Delhi Kalyan Samiti, (v) Delhi Legal Services Commission, (vi) Guru Gobind Singh Indraprastha University, (vii) Netaji Subhash Institute of Technology, (viii) Indraprastha Institute of Information Technology and (ix) Delhi Urban Shelter Improvement Board

² (i) Delhi Electricity Regulatory Authority, (ii) Delhi Kalyan Samiti, (iii) Delhi Legal Services Commission, and (iv) Guru Gobind Singh Indraprastha University.

3.3 Delays in submission of accounts to audit

A large number of autonomous bodies set up by the State Government are audited 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 systems and procedures etc. The status of entrustment of audit, rendering of accounts to audit are indicated in **Appendix 3.2**. The frequency distribution of autonomous bodies according to the delays in submission of account to audit after the entrustment of Audit to C&AG is summarized in **Table 3.3** below:

Table 3.3: Delays in submission of accounts

Delays in submission of accounts (in months)	Number of Autonomous bodies	Reasons for the delay
0-1	-	-
1-6	-	-
6-12	-	-
12-18	-	-
18-24	-	-
24 & above	5	NA
Total	5	

NA=Not Available.

3.4 Misappropriations, losses and defalcations etc.

Twenty nine cases of theft, misappropriation/loss of material amounting to ₹ 17.63 lakh were noticed by Audit upto 31 March 2012. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.3** and nature of these cases is given in **Appendix 3.4**. The age-profile of the pending cases and the number of cases pending in each category - theft and misappropriation/ loss as emerged from these appendices are summarized in **Table 3.4** below:

Table 3.4: Profile of misappropriations, losses, theft, defalcations, 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	20	17.15	Theft	12	1.37
5-10	7	0.05			
10-15	1	0.03	Misappropriation /loss of material	17	16.26
15-20	1	0.40			
Total	29	17.63	Total pending cases	29	17.63

Of these 29 cases, nine cases pertain to Hospitals, six cases to Education Department and two cases to NCC and Social Welfare Department each.

3.5 Unadjusted abstract contingent bills

Rule 118 of Receipt and Payment Rules stipulates that moneys drawn on abstract contingent (AC) bills for payment of advances to suppliers of stores should be adjusted within a period of one month from the date of drawal by submission of detailed bill. The total amount of detailed countersigned contingent (DCC) bills received was only ₹ 185.07 crore as against the amount of AC bills of ₹ 644.55 crore, leaving an outstanding balance of DCC bills of ₹ 459.48 crore as on 31 March 2012. During current year 2011-12 total amount of DCC bills received was ₹ 57.53 crore as against the amount of AC bills of ₹ 241.59 crore. Year wise details are given in **Table 3.5** below:

Table 3.5: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills

(₹ in crore)

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
Upto 2007-08	137.80	10.38	7.53	127.42
2008-09	33.20	5.00	15.06	28.20
2009-10	67.16	17.82	26.53	49.34
2010-11	164.80	94.34	57.25	70.46
2011-12	241.59	57.53	23.81	184.06
Total	644.55	185.07		459.48

Due to non submission of DCC bills by different departments, it could not be ensured that funds had been utilized for the purpose for which these had been drawn. Thus, possibility of temporary misappropriation of funds could not be ruled out in the absence of any detailed contingent bills. The Department in its reply stated that 25 per cent of the total AC bills pertain to the Letter of Credit (LC) accounts opened by various hospitals with the public sector banks and the hospitals authorities had been advised to close these accounts and submit their adjustment bills to the PAO upto December 2012. The reasons for non adjustment of remaining 75 per cent AC bills were not intimated to Audit (December 2012).

3.6 Personal deposit accounts

As per information furnished by the Principal Accounts Office, no personal deposit account is being operated for the purpose of parking funds by debit to the consolidated fund of the State. However, eleven Personal Deposit Accounts were opened with the prior approval of Controller General of Accounts (CGA), Ministry of Finance, Government of India as detailed below:

- (i) **Housing Commissioner, Land and Building:** Deposits are received in the shape of receipts towards cost of compensation/enhanced compensation from the land requisitioning agencies like DDA etc. and the same are subsequently released in favour of land acquisition collectors for further payment to land owner whose land is acquired under the scheme "Large scale acquisition of land".

- (ii) **Delhi High Court:** The Personal Ledger Account is funded with the deposit of scrutiny charges in paper book cases, security charges and fees of election petitions.
- (iii) **District and Sessions Court:** The account is operated for the purpose of deposits/ withdrawal of rent etc. of litigants as per the order of the court.
- (iv) **District Judge-II & Additional Sessions Judge, In charge North District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (v) **District Judge-III & Additional Sessions Judge, In charge West District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (vi) **District Judge-IV & Additional Sessions Judge, In charge New Delhi District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (vii) **District Judge-V & Additional Sessions Judge, In charge South District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (viii) **District Judge-VI & Additional Sessions Judge, In charge East District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (ix) **District Judge-VII & Additional Sessions Judge, In charge North-East District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (x) **District Judge-VIII & Additional Sessions Judge, In charge North-West District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.
- (xi) **District Judge- IX & Additional Sessions Judge, In charge South-West District:** The account is operated for purpose of Deposits/withdrawal of each kind of deposits i.e. Civil Deposits, Criminal Deposits & Rent of litigants as per order of the court.

Details of the outstanding balances as on 31st March 2012 were called for (November 2012). The same are awaited.

3.7 Suspense balances

The Government of NCT Delhi has no separate Public Account and such transactions are carried out under the “Public Account of the Union Government”. All such transactions are ultimately cleared either by payment

of recovery in cash or by book adjustment. These are recorded initially under the Suspense Heads which are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary and its clearance is brought about in the ordinary course with due regard to the rules applicable in each case. There is, therefore, a need to clear these balances expeditiously and to classify them to appropriate heads of account.

Examination of such transactions in the Public Accounts (Central) prepared by the Government of NCT of Delhi revealed that huge balances were outstanding under 'Suspense Heads' during the last five years as shown in Table 3.6 below:

Table 3.6: Amount under suspense heads
(₹ in crore)

At the end of March	Net amount
2012	*Dr. 215.62
2011	Dr.158.81
2010	Dr.101.02
2009	Dr. 631.52
2008	Dr. 19.68

*The details of balances under various suspense heads as on 31 March 2012 are given below.

(₹ in crore)

Pay and Accounts office Suspense Account	Dr. 66.71
Cash Settlement Suspense Account (CSSA)	Dr. 160.27
Provident Fund Suspense Account	Dr. 0.09
Public Sector Bank Suspense Account	Dr. 18.07
Material Purchase Suspense Account (MPSA)	Cr.29.42
Suspense Account (Civil)	Cr. 0.10
Total	Dr. 215.62

The Principal Accounts Office stated that major portion of the outstanding amount under the Head "Cash Settlement Suspense Account" (CSSA) pertains to PAO (NS) Ministry of Road Transport and Highways (MORTH), Government of India and Delhi Police, under Ministry of Home Affairs and that the matter had been taken up with the Engineer -in-Chief, PWD, Government of NCT Delhi for clearance of outstanding balances under Material Purchase Settlement Suspense Account (MPSA) & CSSA. It further stated that all the PAOs had been instructed to take needy action to get the reimbursement of outward claims and the debit balance in case of Public Sector Bank Suspense Account exists because State Bank of India has introduced core Banking System from January 2009. Moreover, matter was taken up with the concerned Authority for liquidating the balances.

3.8 Conclusions and recommendations

There was large scale pendency in furnishing of utilization certificates by various grantee institutions for grants-in-aid of ₹ 14591.62 crore. Out of 4444 outstanding UCs, 2067 UCs (46.51 per cent) amounting to ₹ 3776.49 crore were pending for more than 10 years. Out of seven autonomous bodies, annual

accounts of three autonomous bodies due upto 2010-11 had not been received as of March 2012.

The State Government departments reported 29 cases of misappropriation, loss, theft, defalcation etc. involving public money of ₹ 17.64 lakh upto March 2012. Final action in these cases was pending.

Heads of Department should ensure prompt submission of Utilisation Certificates and annual accounts by the autonomous bodies. Government/Heads of Department should expedite orders regarding recovery, write off, etc., of the outstanding cases of misappropriation, theft, loss, etc., and initiate action for speedy enquiries into the pending cases.




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Principal Accountant General (Audit), Delhi

Countersigned



(VINOD RAI)

New Delhi

Dated:

Comptroller and Auditor General of India