

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by any Government. The compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is thus one of the attributes of good governance. The reports on compliance and controls, assist the State Government to meet its basic stewardship responsibilities, and in decision making. This Chapter provides an overview and status of the State Government on the compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in submission of Utilisation Certificates

Rule 212(1) of General Financial Rules 2005 provides that Utilisation Certificates (UCs) should be submitted by the grantee Institutions or Organisations concerned for the grants received for specific purposes unless specified otherwise within 12 months of the closure of the financial year and after verification, these should be forwarded to the Accountant General (Accounts and Entitlement) by the department concerned.

As per information furnished by the Accountant General (A&E), Utilisation Certificates (10,772) for an amount of ₹ 1,098.24 crore paid as grants to the grantee Institutions/ Organisations during the year 2010-11 and 2011-12 were outstanding as on 31-03-2012, of which 1119 nos. of UCs pertained to the year 2010-11 involving ₹ 208.38 crore. Department-wise outstanding UCs are given in **Appendix 3.1**.

Major Pendency of UCs against some major departments are given below:

Table 3.1: Utilisation Certificates outstanding pertained to the major departments as on 31-3-2012

<i>(Rupees in crore)</i>				
Sl. No.	Name of department	Year	Amount of grants	Number of Utilisation Certificate outstanding
(1)	(2)	(3)	(4)	(5)
1.	Tribal Welfare Department	2010-11	79.37	431
		2011-12	247.08	2359
2.	Welfare of Scheduled Castes Department	2010-11	41.58	310
		2011-12	82.92	1729
3.	Agriculture (Horticulture) Department	2010-11	1.38	256
		2011-12	2.58	177
4.	Rural Development Department	2010-11	11.19	51
		2011-12	9.67	37
5.	Transport Department	2010-11	1.73	18
		2011-12	16.38	28
6.	Agriculture Department	2010-11	18.07	928
		2011-12	17.98	5
7.	Education (School) Department	2010-11	106.12	1938
		2011-12	32.09	594
8.	Education (Social) Department	2010-11	1.78	245
		2011-12	26.64	17
9.	Public Works (DWS) Department	2010-11	101.04	463
		2011-12		
10.	Panchayati Raj Department	2010-11		
		2011-12		

Due to delay in submission of UCs, particularly for the year 2010-11, it could not be immediately ascertained whether the grants were utilised by the grantee Institutions/Organisations for the purpose for which it was sanctioned. Thus, steps may be taken by the departments for expeditious submission of UCs by the grantee Institutions/Organisations.

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 State Government/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 39 Autonomous Bodies/Authorities due upto 2011-12 had not been received as on 31 December 2012 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 3.2**.

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

Sl. No.	Delay in Number of Years	No. of the Bodies/ Authorities
1.	0 – 1	9
2.	1 – 3	10
3.	3 – 5	3
4.	5 – 7	6
5.	7 – 9	Nil
6.	9 & above	11

Out of 39 Autonomous Bodies/ Authorities, Accounts for 27 bodies were outstanding for upto 9 years and annual accounts of 11 bodies were outstanding for more than 9 years. Out of 39 Grantee Bodies/ Authorities, 20 bodies did not furnish the information about the amounts of grants received during the year 2011-12 though called for (March 2012).

3.3 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

Several Autonomous Bodies had been set up by the State Government in the field of Education, Industries, Housing, Tribal Areas etc. A large number of these Bodies are audited by the Comptroller and Auditor General of India (CAG) covering operational activities and accounts, conduct of regulatory and compliance audit of transactions, review of internal controls and financial management, etc. The audit of accounts of four Bodies in the State have been entrusted to the CAG and the audit of one council is done as mandated in the Sixth schedule of the Constitution of India. The status of rendering of accounts to Audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature/ Council are indicated in **Appendix 3.3**. Delay in placement of SARs in the Legislature/Council after issuing them is summarised in **Table 3.3**.

Table 3.3: Delay in submission / placement of Separate Audit Reports

Sl. No.	Name of the Autonomous Bodies	Year of SAR	Date of issue	Date of placement in the Legislature	Delay in submission to the Legislature from the date of issue
1.	Tripura Board of Secondary Education	1998-99 to 2001-02	26.04.2010	Not yet placed	More than two years
2.	Tripura Housing and Construction Board	1990-91 to 1992-93	3.07.2007	Not yet placed	More than five years
		1993-94 to 1996-97	3.06.2009	-do-	More than three years
		1997-98 to 2001-02	23.02.2011	-do-	More than one year
3.	Tripura Khadi and Village Industries Board	2003-04 to 2007-08	18.04.2012	Not yet placed	More than seven months
4	Tripura State Legal Service Authority	2007-08 to 2009-10	01.03.2012	-do-	-do-
5.	Tripura Tribal Areas Autonomous District Council	2007-08 and 2008-09	31.08.2012	-do-	More than three months

Table 3.3 shows that four SARs of Tripura Board of Secondary Education pertaining to the period 1998-99 to 2001-02 and seven SARs of Tripura Housing and Construction Board pertaining to the period 1990-91 to 1992-93 and 1993-94 to 1996-97 had not yet been placed in the State Legislature even after a lapse of two to five years from the date of issue while four SARs (1997-98 to 2001-02) had been delayed for more than one year. The SAR in respect of Tripura Khadi and Village Industries Board for the period 2003-04 to 2007-08 had been issued on 18-04-2012. Information on their presentation had not been received (October 2012). The reasons for the delay in submission/placement of the SARs in the Legislature were not intimated.

Thus, non-placement of the Audit Reports, relating to the Autonomous Bodies, in the legislature violates the statutory provision of informing the legislature about the financial activities and status on year to year basis.

3.4 Misappropriation, defalcation, loss etc.

There was a suspected misappropriation amounting to ₹ 5.48 lakh in the Sibbari Beat Office under Manu Forest Division. The amount was collected as forest revenue during April 2007 to September 2010 and the amount was neither deposited in the Government Account nor was found lying in cash.

There was a case of loss amounting to ₹ 1.30 crore due to non-realisation of packaging cost of cane by TFDPC Ltd. under Forest Department during the period from August 2007 to March 2012. There was also loss of interest of ₹ 42.15 lakh by the TSCEL under Power Department due to injudicious investment in fixed deposits during the year 2005-06 to 2010-11.

Thus, the cases of misappropriation should be investigated forthwith and the recoverable amounts in case of loss may be realised.

3.5 Reconciliation of Receipts and expenditure

As per the General Financial Rule, all the Controlling Officers were required to reconcile the receipts and expenditure booked by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). During the year 2011-12, all the 58 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 6,476.90 crore and ₹ 6,437.90 crore respectively.

3.6 Suspense balances

The balances under suspense and Remittances Heads as reflected in the Government Accounts are on net basis by aggregating the outstanding debit and credit balances under various heads.

At the end of 31 March 2012, there was a net debit balance of ₹ 99.32 crore in suspense heads against the net debit balance of ₹ 66.08 crore at the end of 31 March 2011. The major contributing factor for the increase in net debit balance was the cash settlement suspense account (Debit: ₹ 110.61 crore) during the year 2011-12 against ₹ 78.96 crore in 2010-11.

3.7 Conclusion and Recommendation

100 *per cent* reconciliation of the Government receipts and expenditure with that of expenditure booked in the books of Accountant General (Accounts and Entitlement) by the Controlling Officers during 2011-12 was indicative of good governance observed in the State.

However, the practice of non-furnishing of Utilisation Certificates in time against grants received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time indicates non-compliance with the financial rules. There were also delays in placement of Separate Audit Reports to Legislature and huge arrears in finalisation of accounts by the Autonomous Bodies/Authorities. There is a need to ensure that the audit reports of the Autonomous Bodies are placed in the legislature on time and submission of UCs within the prescribed time should be maintained by the recipients of grants. The cases of misappropriation and losses indicated inadequacy of control in the departments.

The practice of non-furnishing of Utilisation Certificates in time against grants received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time revealed non-compliance with the financial rules. There is a need to ensure that the audit reports of the Autonomous Bodies are placed in the legislature on time.

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