

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 2014, 994 UCs for an aggregate amount of ₹ 242.26 crore were not furnished by the grantees as of March 2015. The Department-wise break-up of outstanding UCs and the age-wise pendency in submission of UCs are given in **Appendix 3.1** and **Table 3.1** respectively.

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	275	83.62
2	1 – 3	120	15.44
3	3 – 5	339	90.15
4	5 – 7	59	12.28
5	7 – 9	82	15.40
6	9 and above	119	25.37
	Total	994	242.26

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

Out of 994 UCs, 734 UCs (73.84 per cent) involving ₹ 189.21 crore were pending for periods ranging from one to five years, while 260 UCs involving ₹ 53.05 crore were pending for more than five years. Pendency of 822 UCs for an aggregate amount of ₹ 161.38 crore pertained to Adi-Dravidar Welfare

Department, Hindu Religious Institutions and Wakf Board, Local Administration Department and Town and Country Planning Department.

Non-receipt of UCs indicates that the Departmental officers failed to comply with the rules to ensure accountability of the agencies that received Government funds.

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 24 Autonomous Bodies/Authorities due upto 2013-14 had not been submitted to the Principal Accountant General (General and Social Sector Audit) as of March 2015. 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/Authorities

Sl. No.	Pendency in number of years	Number of the Bodies/Authorities
1	1 – 3	6
2	4 – 5	1
3	More than five years	17
Total		24

(Source: Compiled from the information furnished by the Heads of Department)

Due to non-receipt of annual accounts from a large 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 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 2015, advances aggregating ₹ 171.43 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	147	4.66
2	More than five years but less than 10 years	349	37.73
3	More than one year but less than five years	582	81.42
4	Less than one year	355	47.62
Total		1,433	171.43

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

The pendency, involving substantial amounts, indicated laxity on the part of the Departmental officers in enforcing the provisions regarding adjustment of the advances.

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 327 cases of misappropriation, loss, defalcation, etc., involving Government money amounting to ₹ 44.72 crore up to March 2015, 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 3.3**. The Electricity Department

accounted for bulk of the cases (261) and amount (₹ 43.80 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	42	3,683.32	Theft/Loss of material	315	4,313.84
5 - 10	37	479.48			
10 - 15	75	294.76	Misappropriation	12	158.27
More than 15	173	14.55			
Total	327	4,472.11	Total	327	4,472.11

(Source: Compiled from the information furnished by the Heads of Department)

The reasons for 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	290	134.33
ii)	Departmental actions initiated but not finalised	7	10.31
iii)	Awaiting orders for recovery or write off	7	8.06
iv)	Pending in Courts of law	23	4,319.41
	Total	327	4,472.11

(Source: Compiled from the information furnished by the Heads of Department)

While 23 cases involving ₹ 43.19 crore were pending in Courts of law, 304 cases involving ₹ 1.53 crore were pending finalisation in various Departments.

3.5 Conclusion and Recommendations

There was pendency in furnishing of Utilisation Certificates by various grantee institutions for Grants-in-aid of ₹ 242.26 crore. The pendency ranged from one to more than nine years. Twenty four Autonomous

Bodies/Authorities did not submit to Audit their annual accounts due for the period upto 2013-14 as of March 2015. Temporary advances aggregating to ₹ 171.43 crore were pending for adjustment by the Drawing and Disbursing Officers. The Union Territory Government Departments reported 327 cases of misappropriation, loss, defalcation, etc., involving Government money of ₹ 44.72 crore upto March 2015. Final action on these cases was pending for periods ranging from one to more than 15 years.

- *The pendency in submission of Utilisation Certificates should be cleared by addressing the Departmental officers to obtain Utilisation Certificates from the organisation to whom grants were given.*
- *In respect of outstanding cases of misappropriations, losses, defalcations, etc., the UT Government may finalise cases where Departmental action has been initiated and the cases awaiting orders for recovery or write off.*

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