

## 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. The compliance to 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 to meet its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

### 3.1 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 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 17 Autonomous Bodies/ Authorities due upto 2008-09 had not been received as on January 2010 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.1**.

**Table 3.1 Age-wise Arrears of Annual Accounts due from Autonomous Bodies as on 31 March 2009**

Sl. No.	Delay in Number of Years	No. of the Bodies/ Authorities	Grants Received (Rs. in lakh)
1.	0 – 1	10	NA
2.	1 – 3	1	NA
3.	3 – 5	2	NA
4.	5 – 7	1	NA
5.	7 – 9	2	NA
6.	9 & above	1	NA
<b>Total</b>		<b>17</b>	

Out of 17 Autonomous Bodies/Authorities, annual account of one autonomous body<sup>1</sup> was outstanding for more than 9 years. The accounts of six autonomous Bodies<sup>2</sup> were in arrears for one to nine years.

### 3.2 Delays in submission of Accounts/Audit Reports of Autonomous Bodies

Six Autonomous District Councils (ADC) and one Autonomous Body *i.e* Legal Services Authority have been set up by the State Government. These

<sup>1</sup> Manipur State Kala Academy

<sup>2</sup> Loktak Development Authority, Manipur Pollution Control Board, Manipur Development Society, Manipur AIDS control Society, Eastern Border Area Development Authority, and Barak River Valley Development Board.

Bodies are audited by the Comptroller and Auditor General of India (CAG) with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial control, review of system and procedures etc. The audit of accounts of these seven Bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature are indicated in **Appendix 3.2**. Delay in placement of SARs in the Legislature after issuing them is summarized in **Table 3.2**.

**Table 3.2: Delay in submission / placement of Separate Audit Reports**

Sl. No.	Name of the ADC/ Autonomous Bodies	Year of SAR	Date of issue	Date of placement in the Legislature	Delay in submission to the Legislature
1	Chandel	2001-02	06.12.04	17.03.06	Over 1 year
2	Churachandpur	1998-99	29.12.00	17.03.06	Over 5 years
3	Sadar Hills	2000-01	10.04.03	17.03.06	Over 3 years
4	Senapati	1999-00	6.12.01	17.03.06	Over 4 years
5	Tamenglong	1999-00	11.12.01	17.03.06	Over 4 years
6	Ukhrul	1999-00	11.12.01	17.03.06	Over 4 years
7	Manipur State Legal Service Authority	2003-04	28.8.08	October 2008	Over 1 month

**Table 3.2** shows that SAR pertaining to the period 1998-99 in respect of ADC, Churachandpur was placed in the Legislature after a lapse of over five years while the SARs for the period 1999-00 in respect of ADCs of Senapati, Tamenglong and Ukhrul was placed after a lapse of over 4 years from the date of issue. The SAR in respect of ADC, Sardar Hills for the period 2000-01 was placed after a lapse of over three years from the date of issue while in respect of ADC, Chandel it was placed after a lapse of one year.

The reasons for the delay in submission/placement of the SARs in the Legislature were not on record.

### **3.3 Misappropriations, losses, defalcations, etc.**

Information regarding non-adjustment of temporary advances, reasons for non-adjustment, delay in furnishing utilization certificates, non-submission/delay in submission of accounts, cases of misappropriation, losses, defalcations, if any, were called from 50 Departments/ Autonomous District Council/ Corporations. However, information in respect of four department/ Autonomous District Council/ Corporations *viz.* Co-operative Department, Education (University and Higher Education) Department, Manipur Handloom and Handicrafts Development Corporation Limited and Ukhrul Autonomous District Council were received (February 2009). No cases of non-adjustment of advances, misappropriation, losses etc. were reported.

However, during 2006-09 Audit detected five cases of misappropriation/ fraudulent payment in four Departments<sup>3</sup> involving an amount of Rs.1.37 crore.

### **3.4 Conclusion and Recommendations**

Foregoing discussion discloses that there were also delay in placement of Separate Audit Reports to Legislature and huge arrears in finalisation of accounts by the ADC/Autonomous Bodies. Out of 50 departments/ Autonomous District Councils, only four replies were obtained to ascertain the status of non-adjustment of temporary advances, misappropriation, losses *etc.*

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<sup>3</sup> Minorities and Other Backward Classes Department, Power Department, Public Works Department and Finance Department.

