

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 Utilization Certificates

Departmental officers are required to obtain certificate of utilization of grants from the grantee i.e. statutory bodies, non-governmental institutions etc, indicating that the grants had been utilized 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 Pr. PAO, Delhi Government, 4007 utilization certificates (UC) for grants aggregating to Rs. 8,994.03 crore were outstanding as given in **Appendix 3.1 (a)**. The major defaulting department was Urban Development contributing 97 *per cent* of the arrears. MCD, NDMC and Delhi Vidyut Board were the primary recipients of the above grants and were also the major defaulters, having submitted utilization certificates for Rs. 88699.32 lakh, i.e., only 10.94% of Rs. 810599.07 lakh grants released since 1977-78. The age-wise delays in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise arrears in submission of Utilization Certificates

(Rupees in Lakh)

Sl. No.	Range of delayed number of years	Total grants paid		Utilization Certificates Outstanding	
		Number	Amount	Number	Amount
1.	0-1	263	221539.96	218	113953.64
2.	1-3	1376	218098.35	1287	205559.19
3.	3-5	218	96978.03	218	96978.03
4.	5-7	217	187567.35	217	187567.35
5.	7-9	200	78178.64	200	78178.64
6.	9 & above	1867	217166.11	1867	217166.11
	Total	4141	1019528.44	4007	899402.96

From the table, it is seen that prior to 2006, utilization certificates were not submitted for any of the grants released. Out of a total of 4007 UCs amounting to Rs. 8994.03 crore awaited from various departments at the end of March 2009, 1287 certificates amounting to Rs. 2055.19 crore were still pending even after a lapse of one to three years. Similarly 1867 UCs amounting to Rs. 2171.66 crore were pending even after a lapse of nine years. Department-wise position of outstanding UCs is given in **Appendix 3.1 (b)**.

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 the institutions. The accounts of various bodies/authorities received for the year 2007-08, attracted audit by the Comptroller and Auditor General of India. Autonomous bodies/authorities, audit of which was due, were audited during 2008-09.

The annual accounts of two autonomous bodies/authorities viz., Delhi Jal Board and Netaji Subhash Institute of Technology due up to 2007-08 had not been received as of April 2009 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 Government Bodies

Sl. No	Delay in Number of Years	No. of the Bodies/Authorities	Grants Received (Rs. in Lakh)
1.	0-1	1	21965*
2.	1-3	-	40569.50*
3.	3-5	2	5580.28*
4.	5-7		
5.	7-9		
6.	9 & above		

*Only information relating to Delhi Jal Board is available.

3.3 Delays in submission of Accounts to audits/Delays in tabling of Separate Audit Reports of Autonomous Bodies in Legislature

Several autonomous bodies have been set up by the State Government. A large number of these bodies are audited by the CAG 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 audit of accounts of various 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 Reports and their placement in the Legislature are indicated in **Appendix 3.3**. The frequency distribution of autonomous bodies according to the delays in submission of account to Audit and placement of Separate Audit Reports in the legislature after the entrustment of Audit to CAG is summarized in **Table 3.3**.

Table 3.3: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (In Months)	Number of Autonomous Bodies	Reasons for the Delay	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies	Reasons for the Delay
0-1	1	N.A *	0-1	N A	N A
1-6	4	N.A *	1-2	N.A	N.A
6-12	1	N.A *	2-3	N.A	N.A
12-18		N.A *	3-4	N.A	N.A
18-24		N.A *	4-5	N.A	N.A
24 & above	1	Due to shifting from single entry to double entry system of accounting	5 & above	N.A	N.A
Total	5				

* Not Available.

3.4 Misappropriations, losses, defalcations, etc.

Thirty two cases of theft, misappropriation/loss of material amounting to Rs. 18.73 lakh were noticed by Audit upto 31 March 2009. The department-wise break up of pending cases and age wise analysis is given in **Appendix 3.4** and nature of these cases is given in **Appendix 3.5**. 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**.

Table 3.4: Profile of Misappropriations, losses, defalcations, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of cases	Amount involved (Rs.in lakh)	Nature of the Cases	Number of Cases	Amount Involved (Rs in lakh)
0-5	24	18.08	Theft	14	2.07
5-10	6	0.62			
10-15	1	0.03	Misappropriation/Loss of material	18	16.65
15-20	1	0.00			
20-25	-	-	-	-	-
25 & above	-	-	-	-	-
Total	32	18.73	Total Pending Cases	32	18.73

3.5 Conclusion and Recommendations

Timely submission of utilization certificates is a major area of concern. Out of a total of 4007 UCs

amounting to Rs. 8994.03 crore awaited from various departments at the end of March 2009, 1287 certificates amounting to Rs. 2055.19 crore were still pending even after a lapse of one to three years. Similarly, 1867 UCs amounting to Rs. 2171.66 crore were pending even after a lapse of nine years.

Internal control in all the organizations needs to be strengthened to avoid delay in submission of utilization certificates. Departmental enquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book.

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