

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 Utilisation certificates

General Financial Rules 151(1) provide that for the grants provided for specific purposes, utilization certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise.

Department-wise position of utilization certificates for the grants provided for specific purposes, though called for (November 2010) from the State Finance Department, had been received only in respect of one department, viz., Director, Social Welfare of Child Development Department. As per information furnished by the Directorate, utilization certificates for ₹ 39.00 lakh was pending as intimated by the Director, as on 31st March 2010.

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 Comptrollers 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 14 autonomous bodies/ authorities due upto 2009-10 had not been received as on December 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** below.

Table 3.1

| Sl. No. | Delay in Number of Years | No. of the Bodies / Authorities | Grants Received (Rupees in lakh) |
|---------|--------------------------|---------------------------------|----------------------------------|
| 1. | 0 – 1 | | NA |
| 2. | 1 – 3 | 2 | NA |
| 3. | 3 – 5 | 9 | NA |
| 4. | 5 – 7 | 1 | NA |
| 5. | 7 – 9 | -- | -- |
| 6. | 9 & above | 2 | NA |

Out of 14 bodies/ authorities, annual accounts in respect of 2 organisations viz., DRDA, Seppa and RamKrishna Mission Hospital, Itanagar were outstanding for 9 and more years.

3.3 Delay in submission of Accounts

Four autonomous bodies have been set up in the State. Of these three bodies were created under Central Act viz., North Eastern Regional Institute of Science & Technology, Arunachal Pradesh Building and Other Construction Workers Welfare Board (APBOCWFB) and Rajiv Gandhi University and one viz., Arunachal Pradesh State legal Services Authority created under State Act. Audit of accounts of APSLSA upto 2006-07 was entrusted to the Comptroller and Auditor General of India under Section 19(2) of the DPC Act. Hence, accounts for the year 2007-08, 2008-09 and 2009-10 have not been received.

3.4 Conclusion

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilization certificates for grants given by Social Welfare and Child Development Department and also non-submission of information regarding utilization certificates by the Finance Department. Regarding losses and misappropriation, the information was awaited from the Finance Department.

**Itanagar
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