

## 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 utilisation certificates

Departmental officers are required to obtain certificates of utilization (UCs) of grants from the grantee, i.e. statutory bodies, non-governmental institutions etc. indicating that the grants had been utilised 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 Principal Pay and Account office, Delhi Government the age-wise delay in submission of UCs is summarized in **Table 3.1** below:

**Table 3.1: Age-wise arrears in submission of utilization certificates**

(₹ in crore)

Sl. No.	Range of delayed number of years	Total grants released		utilization certificates outstanding	
		Number	Amount	Number	Amount
1	0-2	524	4858.38	376	3334.13
2	2-4	1184	2134.51	1182	2133.99
3	4-6	396	1507.14	396	1507.14
4	6-8	208	761.17	208	761.17
5	8-10	263	2159.87	263	2159.87
6	10 & above	1917	3221.05	1917	3221.05
	<b>Total</b>	<b>4492</b>	<b>14642.12</b>	<b>4342</b>	<b>13117.35</b>

From the above table, it would be seen that 4492 number of grants amounting to ₹ 14642.12 crore were given till 31 March 2010. Out of 4492 grants, 4342 UCs amounting to ₹ 13117.35 crore were awaited from various autonomous bodies at the end of March 2011. Out of 4342 outstanding UCs, 1917 UCs (44 per cent) amounting to ₹ 3221.05 crore were due for more than 10 years.

The major defaulter was the Urban Development Department contributing ₹ 12659.76 crore (96.51 per cent) of the arrears. In turn Municipal Corporation of Delhi, Delhi Vidyut Board, Delhi Jal Board and New Delhi Municipal Council were the main defaulters of the grants received from Department of Urban Development. Department-wise as well as year-wise position of outstanding UCs is given in **Appendix 3.1**.

### 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 these institutions. Out of eight<sup>1</sup> autonomous bodies under the audit jurisdiction of this office, the annual accounts of only three<sup>2</sup> autonomous bodies/authorities for the year 2009-10 were received and audited during the year 2010-11.

The annual accounts of remaining five autonomous bodies/authorities due up to 2009-10 had not been received as of March 2011 by the office of Principal Accountant General (Audit), Delhi. The details of these outstanding accounts are given in **Table 3.2** below:

**Table 3.2: Statement showing names of bodies and authorities, the accounts of which had not been received**

Sl. No.	Name of the body/authority	Year for which accounts had not been received	No. of years for which accounts pending	Grants received (₹ in lakh)
1	Delhi Building and Other Construction Workers welfare Board,	2002-03 to 2009-10	8	-
2	Netaji Subhash Institute of Technology (NSIT)	2005-06 to 2009-10	5	Non Plan 303.12 Plan 2046.48
3	Delhi Jal Board (DJB)	2006-07 to 2009-10	4	71009.50
4	Delhi Legal Service Authority	2009-2010	1	200.00
5	Delhi Kalyan Samiti	2009-2010	1	-
<b>Total</b>			<b>19</b>	

<sup>1</sup> (i) Delhi Building and Other Construction Workers Welfare Board (ii) Delhi Development Authority, (iii) Delhi Electricity Regulatory Authority, (iv) Delhi Jal Board (v) Delhi Kalyan Samiti, (vi) Delhi Legal Services commission, (vii) Guru Gobind Singh Indraprastha University and. (viii) Netaji Subhash Institute of Technology,

<sup>2</sup> (i) Delhi Development Authority, (ii) Delhi Electricity Regularity Commission and (iii) Guru Govind Singh Indraprastha University

It may be seen from the table that 19 annual accounts upto the year 2009-10 of five autonomous bodies/authorities were pending. In case of Delhi Building and Other Construction Workers Welfare Board eight annual accounts since 2002-03 were pending. Netaji Subhash Institute of Technology did not submit five annual accounts since 2005-06 whereas Delhi Jal Board had to submit its four accounts from 2006-07 onwards. Delhi Legal Service Authority and Delhi Kalyan Samiti did not submit their accounts for 2009-10.

### 3.3 Delays in submission of accounts to audit

A large number of autonomous bodies set up by the State Government are audited by the Comptroller and Auditor General 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 status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports are indicated in **Appendix 3.2**. The frequency distribution of autonomous bodies according to the delays in submission of account to audit after the entrustment of Audit to C&AG is summarized in **Table 3.3** below:

**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
0-1	2	NA
1-6	-	-
6-12	3	NA
12-18	-	-
18-24	-	-
24 & above	2	NA
<b>Total</b>	<b>7</b>	

NA=Not Available.

A further analysis of the above table and Appendix 3.2 would reveal that delay in submission of accounts ranged from 6 days to 57 months. The accounts of NSIT for the year 2004-05 were received with a delay of 57 months and of DJB for the year 2005-06 were received with a delay of 52 months.

### 3.4 Misappropriations, losses, defalcations, etc.

Thirty one cases of theft, misappropriation/loss of material amounting to ₹ 18.73 lakh were noticed by Audit upto 31 March 2011. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.3** and

nature of these cases is given in **Appendix 3.4**. 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** below:

**Table 3.4: Profile of misappropriations, losses, theft, defalcations, 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	22	17.68	Theft	13	2.08
5-10	7	1.01			
10-15	1	0.03	Misappropriation /loss of material	18	16.65
15-20	1	0.01			
<b>Total</b>	<b>31</b>	<b>18.73</b>	<b>Total pending cases</b>	<b>31</b>	<b>18.73</b>

Around 85 *per cent* of the amount involved pertained to Hospitals, Delhi Police and Delhi Vidhan Sabha (₹ 16.07 crore in 14 cases).

### 3.5 Unadjusted abstract contingent bills

Rule 118 of Receipt and Payment Rules, stipulates that moneys drawn on abstract contingent (AC) bills for payment of advances to suppliers of stores should be adjusted within a period of one month from the date of drawal by submission of detailed bill. The total amount of detailed countersigned contingent (DCC) bills received during the current year pertaining to 2006-11 was only ₹ 96.32 crore as against the amount of AC bills of ₹ 621.75 crore, leaving an outstanding balance of DCC bills of ₹ 525.43 crore as on 31 March 2011. Year wise details are given in **Table 3.5** below:

**Table 3.5: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills**

Year	Amount of AC bills	Amount of DCC bills	(₹ in crore)	
			DCC bills as percentage of AC bills	Outstanding AC bills
Upto 2006-07	82.67	17.99	21.76	46.49
2007-08	91.62	18.43	20.11	73.19
2008-09	57.50	20.12	34.99	37.38
2009-10	150.60	21.73	14.43	128.87
2010-11	239.36	18.05	7.54	221.31
<b>Total</b>	<b>621.75</b>	<b>96.32</b>	<b>15.49</b>	<b>525.43</b>

A test check of AC bills revealed the following:

- (i) Two bills amounting to ₹ 11.50 crore for procurement of Aerial Ladder Platform through Delhi Metro Rail Corporation Ltd. (DMRC) were adjusted by the concerned PAO without obtaining the actual vouchers/bills but on the only basis of intimation regarding receipt of cheque by DMRC.
- (ii) AC bills amounting to ₹ 2.41 crore of National Informatics Centre Services Inc. (NICSI), were pending adjustment in respect of Pension Cell, Principal Accounts Office.

Due to non submission of DCC bills by different departments, it could not be ensured that funds had been utilized for the purpose for which these had been drawn. Thus, possibility of temporary misappropriation of funds could not be ruled out in the absence of any detailed contingent bills. The purposes for drawl of advance were called for but the reply was awaited as of January 2012.

### 3.6 Personal deposit accounts

As per information furnished by the Principal Accounts Office, no personal deposit account is being operated for the purpose of parking funds by debit to the consolidated fund of the State. However, three Personal Deposit Accounts were opened with the prior approval of Controller General of Accounts (CGA), Ministry of Finance, and Government of India as detailed below:

- (i) **Housing Commissioner, Land and Building:** Deposits are received in the shape of receipts towards cost of compensation/enhanced compensation from the land requisitioning agencies like DDA etc. and the same are subsequently released in favour of land acquisition collectors for further payment to land owner whose land is acquired under the scheme "Large scale acquisition of land".
- (ii) **Delhi High Court:** The Personal Ledger Account is funded with the deposit of scrutiny charges in paper book cases, security charges and fees of election petitions.
- (iii) **District and Sessions Court:** The account is operated for the purpose of deposits/ withdrawal of rent etc. of litigants as per the order of the court.

### 3.7 Suspense balances

The Government of NCT Delhi has no separate Public Account and such transactions are carried out under the "Public Account of the Union Government". All such transactions are ultimately cleared either by payment of recovery in cash or by book adjustment. These are recorded initially under the Suspense Heads which are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary

and its clearance is brought about in the ordinary course with due regard to the rules applicable in each case. There is, therefore, a need to clear these balances expeditiously and to classify them to appropriate heads of account.

Examination of such transactions in the Public Accounts (Central) prepared by the Government of NCT of Delhi revealed that large balances were outstanding under “Suspense Heads” during the last five years as shown in **Table 3.6** below:

**Table 3.6: Amount under suspense heads**  
(₹ in crore)

At the end of March	Net amount
2011	*Dr. 158.81
2010	Dr. 101.02
2009	Dr. 631.52
2008	Dr. 19.68
2007	Dr. 169.64

\*The details of balances under various suspense heads as on 31 March 2011

(₹ in crore)

Pay and Accounts office Suspense Account	Dr. 45.01
Cash Settlement Suspense Account (CSSA)	Dr. 136.15
Provident Fund Suspense Account	Dr. 0.09
Public Sector Bank Suspense Account	Dr. 11.87
Material Purchase Suspense Account (MPSA)	Cr. 34.21
Suspense Account (Civil)	Cr. 0.10
<b>Total</b>	<b>Dr. 158.81</b>

The Principal Accounts Office stated that major portion of the outstanding amount under the Head “Cash Settlement Suspense Account” (CSSA) pertains to PAO (NS) Ministry of Road Transport and Highways (MORTH), Government of India and Delhi Police, under Ministry of Home Affairs and that the matter had been taken up with the Engineer -in-Chief, PWD, Government of NCT Delhi for clearance of outstanding balances under Material Purchase Settlement Suspense Account (MPSA)& CSSA. It further stated that all the PAOs had been instructed to take action to clear the outstanding claims. Principal Accounts Office had also informed that the debit balance in case of Public Sector Bank Suspense Account was also taken up with the concerned Authority for liquidating the balances.

### 3.8 Conclusion and recommendations

There was large scale pendency in furnishing of utilization certificates by various grantee institutions for grants-in-aid of ₹ 13117.35 crore. Out of 4342 outstanding UCs, 1917 UCs (44 per cent) amounting to ₹ 3221.05 crore were pending for more than 10 years. Out of eight autonomous bodies, annual accounts of five autonomous bodies due upto 2009-10 had not been received

as of March 2011. Even in cases where accounts were submitted, these were submitted with delay ranging from six days to 57 months.

The State Government departments reported 31 cases of misappropriation, loss, theft, defalcation etc. involving public money of ₹ 18.73 lakh upto March 2011. Final action in these cases was pending.

Heads of Department should ensure prompt submission of Utilisation Certificates and annual accounts by the autonomous bodies. Government/Heads of Department should expedite orders regarding recovery, write off, etc., of the outstanding cases of misappropriation, theft, loss, etc., and initiate action for speedy enquiries into the pending cases.



(NAMITA SEKHON)

New Delhi  
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Principal Accountant General (Audit), Delhi

Countersigned



(VINOD RAI)

New Delhi  
Dated: 29 March 2012

Comptroller and Auditor General of India