

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is thus one of the attributes of good governance. The reports on compliance and controls, assist the State Government to meet its basic stewardship responsibilities, and in 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

Rule 151 (1) of General Financial Rules provides that Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (Accounts and Entitlement) within 18 months from the date of their sanction unless specified otherwise in respect of grants provided for specific purposes.

The State Government paid ₹ 679.90 crore as grant-in-aid to three categories of Institutions as shown in the table below during last three years i.e. from 2008-09 to 2010-11 for creation of capital assets, of which, ₹ 259.80 crore was paid during 2010-11. The Utilisation Certificates for the amount were required to be obtained within the prescribed period. As of August 2011, UCs amounting to ₹ 420.10 crore were submitted leaving behind ₹ 259.80 crore outstanding, which pertained to 2010-11.

The Institution-wise break-up of the amounts of grants paid and outstanding position of Utilisation Certificates as of August 2011 are given below:

Table 3.1: Department-wise arrears of Utilisation Certificates

<i>(Rupees in crore)</i>				
Sl. No.	Category of Grantee Institution to whom grants-in-aid were given	Year	Amount of Grants paid	Utilisation Certificates outstanding as of 31-8-2011
1.	Panchayati Raj Institutions	2008-09	60.00	Nil
		2009-10	27.57	Nil
		2010-11	29.93	29.93
2.	Urban Local Bodies	2008-09	59.23	Nil
		2009-10	78.52	Nil
		2010-11	99.27	99.27
3.	Autonomous Bodies	2008-09	77.50	Nil
		2009-10	117.28	Nil
		2010-11	130.60	130.60
Total :			679.90	259.80

Besides, the Government paid a substantial amount as grants-in-aid to various educational institutions for their development, the Utilisation Certificates for which were also required

to be submitted by them under the rule. The UCs (250) for ₹ 0.27 crore pertaining to the year 2009-10 were awaited as on 31 August 2011.

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 State 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 39 Autonomous Bodies/ Authorities due upto 2010-11 had not been received as on 30 September 2011 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 3.2**.

Table 3.2: Age-wise Arrears of Annual Accounts due from Autonomous Bodies

Sl. No.	Delay in Number of Years	No. of the Bodies/ Authorities
1.	0 – 1	7
2.	1 – 3	8
3.	3 – 5	8
4.	5 – 7	3
5.	7 – 9	1
6.	9 & above	12

Out of 39 Autonomous Bodies/ Authorities, Accounts for 27 bodies were outstanding for upto 9 years and annual accounts of 12 bodies were outstanding for more than 9 years. Out of 39 Grantee Bodies/ Authorities, 19 bodies did not furnish the information about the amounts of grants received during the year 2010-11 though called for (March 2011).

3.3 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

Several Autonomous Bodies had been set up by the State Government in the field of Education, Industries, Housing, Tribal Areas etc. A large number of these Bodies are audited by the Comptroller and Auditor General of India (CAG) covering operational activities and accounts, conduct of regulatory and compliance audit of transactions, review of internal controls and financial management, etc. The audit of accounts of four Bodies in the State have been entrusted to the CAG and the audit of one council is done as mandated in the Sixth schedule of the Constitution of India. The status of rendering of accounts to Audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature/Council are indicated in **Appendix 3.2**. Delay in placement of SARs in the Legislature/Council after issuing them is summarised in **Table 3.3**.

Table 3.3: Delay in submission / placement of Separate Audit Reports

Sl. No.	Name of the Autonomous Bodies	Year of SAR	Date of issue	Date of placement in the Legislature	Delay in submission to the Legislature
1.	Tripura Board of Secondary Education	1998-99 to 2001-02	26.4.2010	Not yet placed	More than one year
2.	Tripura Housing and Construction Board	1990-91 to 1992-93	3.7.2007	Not yet placed	More than four years
		1993-94 to 1996-97	3.6.2009	-do-	More than two years
		1997-98 to 2001-02	23.2.2011	-do-	-
3.	Tripura Khadi and Village Industries Board	1991-92 to 1996-97	21.6.2006	16-06-2010	More than four years
		1997-98 to 2002-03	18.12.2009	01-11-2010	One year
4	Tripura State Legal Service Authority	2005-06 and 2006-07	8.4.2008	26-11-2008	Seven months
5.	Tripura Tribal Areas Autonomous District Council	1992-93 to 2004-05	31.8.2008	Placed in the Council on 17.8.2009	One year
		2005-06 and 2006-07	4.9.2010	26-08-2011	-do-

Table 3.3 shows that seven SARs of Tripura Housing and Construction Board pertaining to the period 1990-91 to 1992-93 and 1993-94 to 1996-97 had not yet been placed in the State Legislature even after a lapse of over two to four years from the date of issue while the SAR in respect of Tripura Khadi and Village Industries Board for the period 1991-92 to 1996-97 had been placed in the Legislature after four years from the date of issue. As per information furnished by the authority (October 2011), the SARs in respect of Tripura State Legal Service Authority pertaining to the period 2005-06 and 2006-07 were placed in the State Legislature on 26-11-2008. The reasons for the delay in submission/placement of the SARs in the Legislature were not intimated.

Thus, non-placement of the Audit Reports, relating to the Autonomous Bodies, in the legislature violates the statutory provision of informing the legislature about the financial activities and status on year to year basis.

3.4 Misappropriation, loss, defalcation, etc.

As reported (September 2011), there was a misappropriation case, involving ₹ 0.22 lakh relating to the BDO, Killa. Another case of misappropriation involving ₹ 21.45 lakh relating to Sub-Registrar, Udaipur and six cases of loss involving ₹ 4.70 lakh, were pointed out in audit and reported to the Government/Departments through Inspection Reports during the year 2010-11 for necessary action. Their replies had not been received as on 30 September 2011.

The cases of misappropriation should be investigated forthwith to bring the defaulters to book which in turn would also have a deterrent effect on the system.

3.5 Reconciliation of Receipts and expenditure

As per the General Financial Rule, all the Controlling Officers are required to reconcile the receipts and expenditure booked by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). During the year 2010-11, all the 56 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 5,168.69 crore and ₹ 5,624.46 crore respectively.

3.6 Book adjustment

The accounts of the Government represent the actual cash receipts and disbursements during the accounts period except some book adjustments. The Assets are valued at historical cost and Government investment is shown at historical cost. Physical Assets are not depreciated or amortized. The losses of physical assets at the end of its life is also not assessed or recognised. Certain transactions are in the nature of book adjustments and do not represent actual cash transaction. During the year 2010-11, a significant adjustment included payment / accrual of interest on deposits of individual subscribers under the General Provident Fund head. This was ₹ 147.09 crore in 2010-11 as against ₹ 131.62 crore in 2009-10.

3.7 Suspense balances

The balances under suspense and Remittances Heads as reflected in the Government Accounts are on net basis by aggregating the outstanding debit and credit balances under various heads.

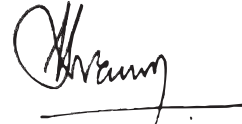
At the end of 31 March 2011, there was a net debit balance of ₹ 66.61 crore in suspense heads against the net debit balance of ₹ 17.79 crore at the end of 31 March 2010. The major contributing factor for the increase in net debit balance was the cash settlement suspense account (Debit: ₹ 78.46 crore) during the year 2010-11 against ₹ 30.67 crore in 2009-10.

3.8 Conclusion and Recommendation

100 *per cent* reconciliation of the Government receipts and expenditure with that of expenditure booked in the books of Accountant General (Accounts and Entitlement) by the Controlling Officers during 2010-11 was indicative of good governance observed in the State.

However, the practice of non-furnishing of Utilisation Certificates in time against grants received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time disclosed non-compliance of the financial rules. There were also delays in placement of Separate Audit Reports to Legislature and huge arrears in finalisation of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments. There is a need to ensure that the audit reports of the Autonomous Bodies are placed in the legislature on time.

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