
CHAPTER 3: FINANCIAL REPORTING

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by any 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 with various financial rules, procedures and directives during the current year.

3.1 Delay in submission of Utilisation Certificates

Rule 212(1) of General Financial Rules (GFR) 2005 provides that Utilisation Certificates (UCs) should be submitted by the grantee Institutions or Organisations receiving grants for specific purposes, unless specified otherwise within 12 months of the closure of the financial year and after verification, these should be forwarded to the Accountant General (Accounts and Entitlement) {AG (A&E)} by the department concerned.

As per information furnished by the AG (A & E), UCs (1,790) for an amount of ₹ 1,811.25 crore paid as grants to the grantee Institutions/Organisations upto the year 2015-16 were outstanding as on 31 March 2016, of which 1,185 UCs involving ₹ 1,226.10 crore pertained to the previous years upto 2014-15.

The year-wise break-up of amount of grants for which the UCs were awaited as on 31 March 2016 are given below:

Table No. 3.1: Year-wise break-up of grants awaited for Utilisation Certificates as on 31 March 2016

Year	Amount of grants (₹ in crore)	No. of UCs outstanding
Upto 2013-14	453.38	677
2014-15	772.72	508
2015-16 ¹	585.15	605
Total:	1,811.25	1,790

¹ Except where the sanction orders states otherwise, Utilisation Certificates in respect of grants disbursed during 2015-16 becomes due only during 2016-17.

Due to delay in submission of UCs, particularly for the year upto 2013-14 and 2014-15, it could not be ascertained whether the grants were utilised by the grantee Institutions/Organisations for the purpose for which it was sanctioned. Thus, steps may be taken by the departments to obtain the UCs expeditiously from the grantee Institutions/Organisations.

3.2 Non-submission/delay in submission of Accounts

In order to identify new Institutions which attract audit under Sections 14 and 15 of the CAG'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. None of the departments could submit the same though specifically called for.

Substantially funded Autonomous Bodies/Authorities are required to submit their Annual Accounts for audit by the CAG under the provision. Out of 48 Autonomous Bodies/Authorities, the Annual Accounts of 38 Autonomous Bodies/Authorities due up to 2015-16 had not been received as on 30th September 2016 by the Accountant General (Audit). The number of those accounts (**Appendix - 3.1**) along with their age-wise pendency is presented in **Table No. 3.2**.

Table No. 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.	1 – 4	22
2.	5 – 8	3
3.	9 – 12	5
4.	13 & above	2
5.	Since inception to 2015-16	6

Out of the 38 Autonomous Bodies/Authorities, six Autonomous Bodies/Authorities had not submitted their accounts since inception. Accounts for five years and above were outstanding from 10 Bodies, of which in three cases the accounts for more than ten years were outstanding. Due to persistent delay in submission of Annual Accounts, these Bodies were asked to intimate the amount of grants received during the current year but 35 of the 38 Grantee Bodies/Authorities did not furnish the information about the amounts of grants received during the year 2015-16 as shown in **Appendix – 3.1**.

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

A large number of Autonomous Bodies are audited by 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 six Bodies² in the State have been entrusted to the CAG for which Separate Audit Reports (SARs) are prepared for placement before the Legislature and the audit of the Tripura Tribal Areas Autonomous District Council (TTAADC) is done as mandated in the Sixth Schedule of the Constitution of India. The status of rendering of accounts to Audit, issuance of SAR and its placement in the Legislature/Council are indicated in **Appendix - 3.2**. Delay in placement of SARs in respect of five out of seven Autonomous Bodies including TTAADC in the Legislature/Council after issuing them is summarised in **Table No. 3.3**.

Table No. 3.3: Delay in placement of Separate Audit Reports

Sl. No.	Name of the Autonomous Bodies	No. of SAR	Year of SAR	Date of issue	Placement of SAR in the Legislature/ Council	Delay in placement of SAR in the Legislature (as on 30.10.2016)
1.	Tripura Board of Secondary Education	4	1998-99 to 2001-02	26-04-2010	Not yet placed	30 to 78 months
		4	2002-03 to 2005-06	12-12-2011		
		4	2006-07 to 2009-10	10-04-2014		
2.	Tripura Housing and Construction Board	3	1990-91 to 1992-93	03-07-2007	Not yet placed	13 to 111 months
		4	1993-94 to 1996-97	03-06-2009		
		5	1997-98 to 2001-02	23-02-2011		
		8	2002-03 to 2009-10	12-03-2013		
		1	2010-11	18-09-2015		
3.	Tripura State Legal Service Authority	3	2010-11 to 2012-13	21-03-2014	Not yet placed	31 months
4.	Compensatory Afforestation Fund Management and Planning Authority	3	2009-10 to 2011-12	06-02-2015	Not yet placed	20 months
5	Tripura Tribal Areas Autonomous District Council	1	2012-13	08-06-2016	Not yet placed	4 months

² (i) Tripura Board of Secondary Education, (ii) Tripura Housing and Construction Board, (iii) Tripura State Legal Service Authority, (iv) Tripura Khadi and Village Industries Board, (v) Compensatory Afforestation Fund Management and Planning Authority and (vi) Tripura Building & Other Construction Workers' Welfare Board.

Table No. 3.3 shows that 12 SARs of Tripura Board of Secondary Education pertaining to the period 1998-99 to 2009-10, 21 SARs of Tripura Housing and Construction Board pertaining to the period 1990-91 to 2010-11, three SARs of Tripura State Legal Service Authority pertaining to the period from 2010-11 to 2012-13, three SARs of Compensatory Afforestation Fund Management and Planning Authority pertaining to the period 2009-10 to 2011-12 and one SAR of TTAADC for the year 2012-13 issued between July 2007 and June 2016 had not been placed in the State Legislature/Council even after a lapse of four to 111 months (as on 30-10-2016).

Thus, non-placement of the 40 SARs relating to the five Autonomous Bodies in the Legislature/Council violates the statutory provision of informing the Legislature/Council about the financial activities and status on year to year basis.

3.4 Reconciliation of Receipts and Expenditure

As per the GFR, 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 AG (A&E). During the year 2015-16, all the 61 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 9,426.74 crore and ₹ 11,525.62 crore respectively.

3.5 Suspense Balances

The balances under Suspense and Remittance 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 2015, there was a net debit balance of ₹ 161.62 crore in suspense heads which increased to ₹ 196.55 crore at the end of 31 March 2016. The major contributing factor for the increase in net debit balance was the Cash Settlement Suspense Account (Debit: ₹ 180.55 crore) during the year 2015-16 against ₹ 158.87 crore in 2014-15.

3.6 Conclusion and Recommendations

Reconciliation of the Government receipts and expenditure was done with that of expenditure booked in the books of AG (A&E) by all the Controlling Officers during the year 2015-16.

However, the practice of not furnishing of UCs in time against grants received, not furnishing of detailed information about financial assistance received by various Institutions and not submitting of accounts by 38 Autonomous Bodies/Authorities in time indicates financial rules were not complied with. There were also delays in

placement of SARs to Legislature and arrears in finalisation of accounts by the Autonomous Bodies/Authorities.

There is a need to ensure that the Audit Reports of the Autonomous Bodies are placed in the Legislature on time and UCs are submitted by recipient of grants within the prescribed time.



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