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**CHAPTER-III**  
**FINANCIAL REPORTING**

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*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 in respect of grants received 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), 2,132 UCs for an amount of ₹ 1,810.09 crore paid as grants to the grantee Institutions/Organisations upto the year 2016-17 were outstanding as on 31 March 2017, of which 1,186 UCs involving ₹ 1,287.99 crore pertained to the previous years upto 2015-16.

The year-wise break-up of amount of grants for which the UCs were awaited as on 31 March 2017 are given below:

**Table No. 3.1: Year-wise break-up of grants awaited for Utilisation Certificates as on 31 March 2017**

Year	Amount of grants (₹ in crore)	No. of UCs outstanding
Upto 2014-15	810.55	780
2015-16	477.44	406
2016-17 <sup>1</sup>	522.10	946
<b>Total:</b>	<b>1,810.09</b>	<b>2,132</b>

Due to delay in submission of UCs, particularly for the year upto 2015-16, 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.

<sup>1</sup> Except where the sanction orders states otherwise, Utilisation Certificates in respect of grants disbursed during 2016-17 becomes due only during 2017-18.

### 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 above provision. Out of 54 Autonomous Bodies/Authorities, the Annual Accounts of 48 Autonomous Bodies/Authorities due upto 2016-17 had not been received as on 30 September 2017 by the Accountant General (Audit). The number of those accounts (**Appendix - 3.1**) alongwith 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	26
2.	5 – 7	7
3.	8 – 12	7
4.	13& above	2
5.	Since inception to 2016-17	6
<b>Total</b>		<b>48</b>

Out of the 48 Autonomous Bodies/Authorities, six Autonomous Bodies/ Authorities had not submitted their accounts since inception. The information on the date of establishment of those Bodies/Authorities were not furnished (October 2017) though called for (July 2017). Accounts for five years and above were outstanding from 16 Bodies/Authorities, of which in six cases the accounts were outstanding for more than ten years. Due to persistent delay in submission of Annual Accounts, all the 54 Bodies were asked to intimate the amount of grants received during the year 2016-17 of which 49 Grantee Bodies/Authorities did not furnish the information about the amounts of grants received during the year 2016-17 as shown in **Appendix-3.1**. However, as per information furnished by five Bodies/Authorities grants amounting to ₹ 6.11 crore had been received by them during 2016-17 whose Accounts had been received in the Office of the Accountant General (Audit) for the year.

### 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 Bodies<sup>2</sup> in the State have been entrusted to the CAG under Sections 19 (2), 19 (3), 20 (1) and 20 (3) of CAG's DPC Act, 1971 for which Separate Audit Reports (SARs) are prepared for placement before the Legislature. The audit of the Tripura Tribal Areas Autonomous District Council (TTAADC) is done as mandated in the Sixth Schedule of the Constitution of India for which the SAR is prepared for submission to the Council. 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 six out of seven Autonomous Bodies including one Autonomous District Council (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 issued	Date of issue	Placement of SAR in the Legislature/ Council	Period of delay in placement of SAR in the Legislature after issue(as on 31-10-2017)
1.	Tripura Board of Secondary Education	4	1998-99 to 2001-02	26-04-2010	Not yet placed	4 to 90 months
		4	2002-03 to 2005-06	12-12-2011		
		4	2006-07 to 2009-10	10-04-2014		
		6	2010-11 to 2015-16	23-06-2017		
2.	Tripura Housing and Construction Board	3	1990-91 to 1992-93	03-07-2007	Not yet placed	4 to 123 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		
		5	2011-12 to 2015-16	15-06-2017		
3.	Tripura State Legal Service Authority	3	2010-11 to 2012-13	21-03-2014	07-02-2015*	11 months
		3	2013-14 to 2015-16	30-08-2017	Not yet placed	2 months
4.	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	3	2009-10 to 2011-12	06-02-2015	Not yet placed	9 to 32 months
		2	2012-13 to 2013-14	07-02-2017		

<sup>2</sup> (i) Tripura Board of Secondary Education, (ii) Tripura Housing and Construction Board, (iii) Tripura State Legal Service Authority, (iv) Compensatory Afforestation Fund Management and Planning Authority, (v) Tripura Tribal Areas Autonomous District Council and (vi) Tripura Building & Other Construction Workers' Welfare Board.

**Note:**\* Information received in October 2017.

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

Sl. No.	Name of the Autonomous Bodies	No. of SAR	Year of SAR issued	Date of issue	Placement of SAR in the Legislature/ Council	Period of delay in placement of SAR in the Legislature after issue(as on 31-10-2017)
5	Tripura Tribal Areas Autonomous District Council	2	2012-13	08-06-2016	06-03-2017	10 months
			2013-14	25-08-2017	Not yet placed	2 months
6.	Tripura Building & Other Construction Workers' Welfare Board	2	2012-13 to 2013-14	03-03-2017	Not yet placed	8 months

**Table No. 3.3** shows that 18 SARs of Tripura Board of Secondary Education pertaining to the period 1998-99 to 2015-16, 26 SARs of Tripura Housing and Construction Board pertaining to the period 1990-91 to 2015-16, three SARs of Tripura State Legal Service Authority pertaining to the period from 2013-14 to 2015-16, five SARs of Compensatory Afforestation Fund Management and Planning Authority pertaining to the period 2009-10 to 2013-14, one SAR of TTAADC for the year 2013-14 and two SARs of Tripura Building & Other Construction Workers' Welfare Board pertaining to the period 2012-13 to 2013-14 issued between July 2007 and August 2017 had not been placed in the State Legislature/Council even after a lapse of two months to 112 months (as on 31 October 2017).

Thus, non-placement of the 60 SARs relating to the five Autonomous Bodies and one Autonomous District Council in the Legislature/Council violated 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 2016-17, all the 62 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 9,645.46 crore and ₹ 12,688.61 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 2016, there was a net debit balance of ₹ 187.31 crore in suspense heads which increased to ₹ 194.79 crore at the end of 31 March 2017. The major contributing factor for the increase in net debit balance was the Cash Settlement Suspense Account (Debit: ₹ 184.72 crore) during the year 2016-17 against ₹ 180.55 crore in 2015-16.

### 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 2016-17.

However, the practice of not obtaining the UCs in time against grants paid, not furnishing of detailed information about financial assistance received by various Institutions and not submitting of accounts by 49 Autonomous Bodies/Authorities in time indicated that financial rules were not complied with. There were also delays in placement of SARs in the 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 and Autonomous District Council are placed in the Legislature/Council on time and UCs are submitted by recipient of grants within the prescribed time.*

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