

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 238 (1) of General Financial Rules (GFRs), 2017 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), year-wise break-up of amount of grants for which the UCs were awaited as on 31 March 2018 is as under:

Table 3.1: Year-wise break-up of grants awaited for UCs as on 31 March 2018

(₹ in crore)

Year	UCs outstanding at the beginning of year		Additions during the year		UCs submitted during the year		UCs outstanding at the end of year	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2015-16	1474	1304.86	605	585.15	289	78.76	1790	1811.25
2016-17	1790	1811.25	946	522.10	604	523.26	2132	1810.09
2017-18*	2132	1810.09	708	420.15	679	76.11	2161	2154.13

Source: Finance Accounts and VLC data.

* Except where the sanction order states otherwise, utilisation certificates in respect of grants disbursed during 2017-18 become due only during 2018-19.

It can be seen from the above table that 2,132 UCs for an amount of ₹ 1,810.09 crore paid as grants to the grantee Institutions/ Organisations up to the year 2016-17 were outstanding as on 31 March 2017, of which, 679 UCs amounting to ₹ 76.11 crore was furnished during 2017-18. As on 31 March 2018, 2,161 UCs involving ₹ 2,154.13 crore were pending for submission. Out of 2,161 UCs, 1,453 UCs involving ₹ 1,733.98 crore pertained to the previous years up to 2016-17.

Major defaulting departments who had not submitted the UCs for the grants disbursed up to the year 2017-18 are given in **Table 3.2**.

Table 3.2: Department-wise break up of substantial amount of grants paid but UCs not submitted up to 31 March 2018

(₹ in crore)

Sl. No.	Name of the department	Amount of grants for which UCs are awaited
1.	Urban Development Department	520.36
2.	Panchayat Raj Department	502.49
3.	Education (School) Department	233.67
4.	Power Department	122.93
5.	Tribal Welfare Department	89.99
6.	Horticulture Department	72.52
7.	Rural Development Department	71.61
8.	Welfare of Minorities Department	39.19
9.	Health Department	38.77
10.	Transport Department	36.36
Total		1,799.41

Through the instrument of UCs, the Grantor obtains assurance about proper utilisation of the funds placed at the disposal of the Grantee for the sanctioned purpose and also gets a certificate from the Grantee that the intended list of works has been executed, the details of which are available with him/ her. Any delay in furnishing UCs to the Grantor or an inaccuracy in such reporting essentially undermines the control mechanism designed to prevent the diversion and intended utilisation of grants. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

The Government needs to enforce strict compliance to the timelines for submission of UCs by the Grantees and failure to comply with the timelines should be scrupulously dealt with. Action against erring officials need to be initiated.

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 C&AG'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 C&AG under the above provision. Out of 54 Autonomous Bodies/ Authorities, 48 Autonomous Bodies/ Authorities had not furnished Annual Accounts due up to 2017-18 to Accountant General (Audit) as on 31 October 2018. The number of those accounts (**Appendix-3.1**) along with their age-wise pendency is presented in **Table 3.3**.

Table 3.3: Age-wise arrears of Annual Accounts due from Autonomous Bodies

Sl. No.	Delay in number of years	No. of the Bodies/ Authorities
1.	1 to 4 years	24
2.	5 to 7 years	9
3.	8 to 12 years	4
4.	13 years & above	5
5.	Since inception to 2016-17	6
Total		48

Out of the 48 Autonomous Bodies/ Authorities, six Autonomous Bodies/ Authorities had not submitted their accounts since their inception. The information on the date of establishment of those Bodies/ Authorities were not furnished (October 2018) though called for (September 2018). 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 2017-18 of which 48 Grantee Bodies/ Authorities did not furnish the information about the amounts of grants received during the year 2017-18 as shown in **Appendix-3.1**. However, the account of four Bodies/ Authorities for the year 2017-18 had been received in the Office of the Accountant General (Audit), Tripura.

The Government should put in place an appropriate mechanism prescribing the duties of these bodies and authorities and that of the departments/ offices concerned to ensure necessary reporting and compliance to guard against the repetition of such lapses. Besides, an accountability mechanism also needs to be put in place to fix responsibility of persons found at fault.

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

A large number of Autonomous Bodies are audited by C&AG of India 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 Bodies¹ in the State have been entrusted to the C&AG under Sections 19 (2), 19 (3), 20 (1) and 20 (3) of C&AG'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 five out of seven Autonomous Bodies including one Autonomous District Council (TTAADC) in the Legislature/ Council after issuing them is summarised in **Table 3.4**.

¹ (i) Tripura Board of Secondary Education, (ii) Tripura Housing and Construction Board (THCB), (iii) Tripura State Legal Service Authority, (iv) Compensatory Afforestation Fund Management and Planning Authority (CAMPA), (v) Tripura Tribal Areas Autonomous District Council and (vi) Tripura Building & Other Construction Workers' Welfare Board (Tripura BOCW Board).

Table 3.4: Delay in placement of Separate Audit Reports

Sl. No.	Name of the Autonomous Bodies (Audited under section)	No. of SAR	Year of SAR issued	Date of issue	Details of placement of SAR in the Legislature/ Council as on 31 October 2018	
					Status	Delay
1.	Tripura Board of Secondary Education Section 20 (1) of DPC Act.	4	1998-99 to 2001-02	26-04-2010	Not yet placed	16 to 102 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.	THCB Section 19 (3) of DPC Act.	3	1990-91 to 1992-93	03-07-2007	Not yet placed	16 to 135 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.	CAMP Section 20 (1) of DPC Act.	3	2009-10 to 2011-12	06-02-2015	Not yet placed	21 to 44 months
		2	2012-13 and 2013-14	07-02-2017		
4.	TTAADC Section 20 (1) of DPC Act.	1	2013-14	25-08-2017	Not yet placed	14 months
5.	Tripura BOCW Board Section 19 (2) of DPC Act.	2	2012-13 and 2013-14	03-03-2017	Not yet placed	20 months

Table 3.4 shows that 18 SARs of Tripura Board of Secondary Education pertaining to the period 1998-99 to 2015-16, 26 SARs of THCB pertaining to the period 1990-91 to 2015-16, five SARs of CAMP
Section 20 (1) of DPC Act. pertaining to the period 2009-10 to 2013-14, one SAR of TTAADC for the year 2013-14 and two SARs of Tripura BOCW Board pertaining to the period 2012-13 and 2013-14 issued between July 2007 and August 2017 had not been placed in the State Legislature/ Council even after a lapse of 14 months to 135 months (as on 31 October 2018).

Thus, non-placement of the SARs relating to the Autonomous Bodies and 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.

The Government needs to put in place necessary mechanism prescribing the duties of persons/authorities concerned to ensure timely submission of accounts.

3.4 Reconciliation of Receipts and Expenditure

As per the financial Rules, 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 2017-18, all the 62 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 10,067.95 crore and ₹ 12,442.10 crore respectively.

3.5 Booking under Minor Head- '800 other Receipts' and 'Other Expenditure'

Since, most of Government activities are well defined in the list of major and minor Heads of Accounts of Union and States, issued by the Controller General of Accounts, the Controlling Officers are to ensure that operation of Minor Head '800-Other Receipts/ Expenditure' should be minimised as this head is intended to be operated only when the appropriate minor head has not been provided in the accounts.

Scrutiny of the Finance Accounts for the year 2017-18 revealed that during 2017-18, the State Government classified ₹ 396.60 crore under 41 Major heads of accounts constituting 3.94 *per cent* of the total Revenue Receipts (₹ 10,067.95 crore) in the Minor head "800 Other Receipts." Similarly expenditure of ₹ 725.87 crore booked under 51 Major heads of Accounts in Minor heads '800-Other Expenditure' which was 5.98 *per cent* of the total expenditure of ₹ 12,134,.27 crore (Revenue *plus* Capital) during the year. Instances of substantial proportion of receipts and expenditure (more than 50 *per cent*) classified under Minor Head '800-Other Receipts and Other Expenditure' are shown in **Appendix 3.3** and **Appendix 3.4** respectively.

Routine operation of Minor Head 800 needs to be discouraged, since it renders the accounts opaque.

3.6 End use of Labour Cess

Under Section 18 (1) of the Building and Other Construction Workers (Regulation of Employment and Condition of Service) Act., 1996 of the Government of India, the Tripura Building and Other Construction Workers Welfare Board was constituted in the State on 20 January 2007 to secure social security benefits to the workers engaged in building and other construction works.

The Board will collect the proceeds of Labour Cess at the rate of one *per cent* of the total project cost of construction incurred by the employer and utilise the fund so collected for the purpose of various welfare schemes for workers.

As per guidelines under Section 22 of the above Act, the Board has many functions such as to (a) provide immediate assistance to a beneficiary in case of accident; (b) make payment of pension to beneficiaries who have completed the age of sixty years; (c) sanction loans and advances to a beneficiary for construction of a house not exceeding such amount and on such terms and conditions as may be prescribed; (d) pay such amount in connection with *premia* for Group Insurance Scheme of the beneficiaries as it may deem fit; (e) give such financial assistance for the education of children of the beneficiaries as may be prescribed; (f) meet such medical expenses for treatment of major ailments of a beneficiary or, such dependent, as may be prescribed; (g) make payment of maternity benefit to the female beneficiaries; and (h) to make provision and improvement of such other welfare measures and facilities as may be prescribed, *etc.*

The board started functioning w. e. f 1st April 2007. The amount of labour cess collected and utilised during the last five year period from 2013-14 to 2017-18 are given in **Table 3.5**.

Table 3.5: Collection and utilisation of the Labour Cess during 2013-18

(₹ in crore)

Year	Amount collected	Amount utilised
2013-14	14.11	2.12
2014-15	28.17	2.35
2015-16	20.19	3.36
2016-17	24.91	6.19
2017-18	22.16	6.99
Total :	109.54	21.01

3.7 Suspense Balances

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


At the end of 31 March 2017, there was a net debit balance of ₹ 194.79 crore in suspense heads which decreased to ₹ 163.87 crore at the end of 31 March 2018. The major contributing factor for the net debit balance was the Cash Settlement Suspense Account (Debit: ₹ 167.49 crore) during 2017-18 against ₹ 184.72 crore in 2016-17 due to non-clearance of suspense by PWD Divisions of the State Government.

3.8 Conclusion

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 2017-18.

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 48 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.

Agartala
The: 26 June 2019



(MANISH KUMAR)
Accountant General (Audit), Tripura

Countersigned

New Delhi
The: 27 June 2019



(RAJIV MEHRISHI)
Comptroller and Auditor General of India