

Financial Reporting

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

3.1 Utilisation Certificates

General Financial Rules provides that Utilisation Certificates (UC) should be obtained by the departmental officers from the Grantees and after verification, these should be forwarded to the Accountant General within 18 months from the date of their sanction unless specified otherwise in respect of grants provided for specified purposes. At the end of March 2010, an amount of ₹ 1,655.70 crore remained outstanding for want of Utilisation Certificates. Details are given in Table-3.1.

Table-3.1: Year-wise arrears of Utilisation Certificates

(₹ in crore)

Year	Total Amount drawn during the year	Utilisation Certificate outstanding	No. of GIA Sanction awaiting Utilisation Certificate
Upto 2003-04	107.48	107.48	879
2004-05	138.12	138.12	948
2005-06	167.87	167.87	1128
2006-07	245.08	245.08	1371
2007-08	254.82	254.82	1298
2008-09	295.10	295.10	1108
2009-10	447.23	447.23	1089
Total	1655.70	1655.70	7821

Source : Finance Accounts, Vol.-I, 2009-10

In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purpose for which these were given.

3.2 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 the Department 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 the Chakma Autonomous District Council for the year 2009-10 have not been received whereas audit of accounts of Lai Autonomous District Council for the year 2009-10 is under process (January, 2011).

In the absence of the annual accounts, proper account/utilisation of the grants and loans disbursed to the Chakma Autonomous District Council remained unverified. Reasons for non preparation/submission of the accounts were, however, not intimated to AG (January, 2011).

3.3 Departmental Commercial Undertakings

The departmental undertakings of certain Government Departments performing activities of quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their performances. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, needed for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in finalisation of accounts may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit by 30 June each year. As of January 2011, there were two-such undertakings viz. State Trading Scheme and Mizoram State Transport which either not prepared their accounts or required to resubmit their accounts after reconciliation of figures. The department-wise position of arrears in preparation of proforma accounts and investment made by the Government are given in Appendix - 3.1.

3.4 Misappropriation, losses, defalcations etc.

Information regarding cases of misappropriation, losses, defalcations, if any, were called from the State Government. However, no cases of misappropriation were reported by the State Government (January, 2011).

Audit, however, detected (April to July, 2010) two cases¹ of temporary misappropriation/non-accountal of Government Money to the tune of ₹ 24.75 lakh and one case² of non-recovery of shortage of stores (₹ 1.86 crore) and cash (₹ 32.02 lakh) (October, 2010).

3.5 Conclusion and Recommendations

At the close of March 2010, an amount of ₹ 1,655.70 crore remained outstanding for want of 7,821 UCs. In the absence of the UCs, it could not be ascertained whether the recipients

¹ Higher & Technical Education Department and Industries Department.

² Food, Civil Supplies & Consumer Affairs Department.

had utilised the grants for the purposes for which these were given. Annual accounts of one Autonomous District Council (Chakma) for the year 2009-10 had not been received by the Accountant General (Audit) as of January 2011 (Para 3.1 & 3.2).

In spite of repeated comments about the arrears in preparation of accounts of two Commercial Undertakings by the Comptroller and Auditor General of India in previous State reports, no improvement has been reported by the undertakings. In the absence of timely finalisation of accounts, the investment of the Government remained outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any, needed for ensuring accountability could not be taken in time (Para 3.3).

Recommendations

- The State Government should initiate regular monitoring and issue necessary instruction to the concerned Departments for furnishing timely Utilisation Certificates.
- The Heads of Department in the Government should ensure that the undertakings prepare proforma accounts and submit the same to Accountant General for audit.
- Departmental inquiries in misappropriation/loss cases should be expedited to bring the defaulters to book. Internal Control in all organisations should be strengthened to prevent such type of cases in future.

Aizawl
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