



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



## CHAPTER III

### FINANCIAL REPORTING

A sound internal financial reporting system with relevant and reliable information significantly contributes to 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 compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and 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 (2017-18).

#### 3.1 Drawal of funds on Abstract Contingent bills and submission of Detailed Countersigned Contingent bills

Abstract Contingent (AC) bills are to be used for drawing advances with specific sanction for departmental purposes. As per Central Treasury Rules<sup>1</sup>, Abstract Contingent (AC) bills must be regularised by Detailed Countersigned Contingent (DCC) bills. An AC bill should not be encashed without a certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before the date of that bill have been submitted to the controlling officer. The controlling officers must submit the DCC bills to the Accountant General (A&E), Manipur within reasonable time frame within the same financial year to show that amount shown in the AC bills corresponds to DCC bills and also to the amount shown in the Appropriation Act.

During 2003-04 to 2017-18, an amount of ₹ 4,814.30 crore was drawn as AC bills, out of which an amount of ₹ 3,179.42 crore has been adjusted with DCC bills (position as of 27 December 2018). Thus, an amount of ₹ 1,634.88 crore (34 *per cent*) was outstanding for which DCC bills were yet to be submitted. Year-wise position of AC bill, DCC adjusted amount and outstanding AC bills is shown in the following table:

**Table 3.1: Position of outstanding AC bills (as of December 2018)**

(₹ in crore)

Year	No. of AC Bills	AC Bill Amount	No. of AC Bills adjusted	DCC adjusted Amount	No. of Outstanding AC Bills	Unadjusted Amount	Unadjusted percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(3)-(5)	(8)={(7)/(3)}X100
2003-04	46	34.56	29	13.78	17	20.78	60.12
2004-05	65	82.54	52	77.75	13	4.78	5.79
2005-06	121	46.00	91	39.91	30	6.10	13.26
2006-07	230	149.68	173	109.06	57	40.62	27.14
2007-08	285	355.57	234	278.24	51	77.33	21.75

<sup>1</sup> Rule 308, Rule 309 and Note under Rule 312.

Year	No. of AC Bills	AC Bill Amount	No. of AC Bills adjusted	DCC adjusted Amount	No. of Outstanding AC Bills	Unadjusted Amount	Unadjusted percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(3) -(5)	(8)={(7)/(3)}X100
2008-09	492	592.34	403	545.88	89	46.46	7.84
2009-10	390	422.83	307	364.48	83	58.36	13.80
2010-11	509	354.36	283	224.32	226	130.04	36.70
2011-12	237	374.63	145	279.20	92	95.44	25.47
2012-13	116	205.81	84	173.73	32	32.08	15.59
2013-14	141	297.68	77	250.44	64	47.24	15.87
2014-15	316	810.59	149	448.70	167	361.89	44.64
2015-16	195	369.97	87	147.93	108	222.04	60.02
2016-17	180	347.96	72	186.61	108	161.34	46.37
2017-18	250	369.78	33	39.39	217	330.39	89.35
<b>Total</b>	<b>3,573</b>	<b>4,814.30</b>	<b>2219</b>	<b>3,179.42</b>	<b>1,354</b>	<b>1,634.88</b>	<b>33.96</b>

(Source: VLC System data maintained by the O/o the PAG (A&E) Manipur)

The analysis of Department-wise position of unadjusted AC bills, revealed that out of 60 Departments which had drawn 3573 AC bills amounting to ₹ 4814.30 crore during 2003-04 to 2017-18, 1354 AC bills in respect of 49 Departments amounting to ₹ 1,634.88 crore remained outstanding (as of December 2018) awaiting adjustment of DCC bills. Department-wise position of outstanding AC bills is shown at **Appendix-3.1**.

Major defaulting Departments with total outstanding AC Bills above ₹ 100 crore include Medical & Health (₹ 296.78 crore), Education (S) Department (₹ 193.35 crore), Planning Department (₹ 143.79 crore), Development of Tribals and Backward Classes (₹ 136.78 crore), Power (₹ 110.12 crore) and Education (U) Department (₹ 100.41 crore).

It was further observed that 696 AC bills amounting to ₹ 520.02 crore had remained outstanding for a period ranging from five years to more than ₹ 10 years. Major defaulting Departments with total outstanding amount of above 10 crore of such AC bills pending for more than five years include: (i) Medical and Health Services Department (251 AC bills amounting to ₹ 150.40 crore); (ii) Education (S) (89 AC bills - ₹ 129.38 crore); (iii) Development of Tribal Affairs and Hills (112 AC bills - ₹ 59.21 crore); (iv) Education (U) Department (47 AC bills - ₹ 29.36 crore); (v) Planning Department (11 AC bills - ₹ 26.46 crore); (vi) Rural Development & Panchayati Raj (12 AC bills - ₹ 17.69 crore); (vii) Agriculture Department (seven AC bills - ₹ 16.53 crore); (viii) Finance Department (19 AC bills - ₹ 12.73 crore); and (ix) Youth Affairs and Sports Department (19 AC bills - ₹ 12.00 crore).

Inordinate delay in submission of DCC bill beyond the timeline specified is in violation of the Central Treasury Rules. Further, when substantial amount is drawn on AC bill and kept unadjusted for long periods, this unhealthy practices increase the risk of mis-appropriation and other financial irregularities

While accepting the audit observations in the Exit Conference (January 2019), the Finance Department stated that the drawal of funds for execution of works of various Civil Departments in the State through works executing agencies other than the Works Departments

(Corporations, Societies, Agencies *etc.*) was the main reason for the outstanding AC bills. The drawal of AC bills being a high risk area needs close monitoring by the Department of Finance as without expenditure details (DCC bills), it would not be possible to ascertain whether the funds authorised by the Legislature were used for the intended purpose or had been misappropriated or used for other unauthorised purposes. The Department assured that they would issue necessary directions and monitor the timely settlement of DCC bills.

**Recommendations:** *Monitoring mechanism may be put in place to ensure that DCC Bills are submitted within the prescribed time. Disciplinary action may be initiated against the Drawing & Disbursing Officers and Treasury Officers for not complying with provisions of extant rules by allowing subsequent AC Bills without ensuring submission of DCC Bills against already drawn AC Bills.*

### 3.2 Utilisation Certificates

Rule 238 (1) read with Rule 235 of General Financial Rules (GFR)<sup>2</sup>, 2017 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 (A&E), within 12 months from the date of their sanction, unless specified otherwise in respect of grants provided for specific purposes.

However, it was noticed that 4,706 UCs aggregating to ₹ 6,077.96 crore in respect of grants were in arrears as of 30 September 2018 in respect of 38 departments<sup>3</sup>. The department-wise break-up of outstanding UCs is given in **Appendix 3.2** and the year-wise break-up of outstanding UCs is summarised in the following table:

**Table 3.2: Year-wise arrears of Utilisation Certificates**

(₹ in crore)

Year	Opening Balance		Grants during the year		Details of Utilisation Certificates			
					Received		Outstanding	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2013-14	1146*	630.11	1159	807.98	650	587.97	1655	850.12
2014-15	1655	850.12	1415	1869.64	986	1352.09	2084	1367.67
2015-16	2084	1367.67	1211	2050.55	635	937.68	2660	2480.54
2016-17	2660	2480.54	1278	2196.91	455	918.86	3483	3758.59
2017-18**	3483	3758.59	1238	2390.19	15	70.82	4706 <sup>#</sup>	6077.96 <sup>##</sup>
<b>Total</b>			<b>6301</b>	<b>9315.27</b>	<b>2741</b>	<b>3867.42</b>		

(Source: Office of the Principal Accountant General (A&E), Manipur)

\* Oldest pending UCs pertains to 2004-05

\*\* Except where the sanction order states otherwise, utilisation certificates in respect of grants disbursed during 2017-18 become due only during 2018-19. # 1146 + 6301 - 2741 = 4706 (outstanding number of Grants).

## 630.11 + 931.25 - 3867.42 = 6077.96 (outstanding amount of Grants).

It can be seen from the above table that 4706 UCs involving an amount of ₹ 6077.96 crore were awaited as on 30 September 2018. The UCs were mainly awaited in respect of

<sup>2</sup> Also, as per Rule 212 (1) and Rule 210 of GFR 2005.

<sup>3</sup> Sl. Nos. 1 to 39 of Appendix 3.3 except Sl. No. 23.

(i) Development of Tribal Affairs and Hills (2082 UCs: ₹ 1228.18 crore), (ii) Education (Schools) Department (543 UCs: ₹ 513.40 crore), (iii) Rural Development and Panchayati Raj (RD & PR) Department (451 UCs: ₹ 2669.41 crore), (iv) Municipal Administration, Housing and Urban Development (184 UCs: ₹ 220.94 crore), (v) Education (University) Department (123 UCs: ₹ 125.97 crore), (vi) Planning Department (107 UCs: ₹ 278.87 crore), (vii) Power Department (75 UCs: ₹ 445.52 crore) and (viii) Medical and Health Services (44 UCs: ₹ 276.42 crore). These eight departments together accounted for 3609 UCs (76.69 per cent) out of 4706 outstanding UCs; involving an amount of ₹ 5758.71 crore (94.75 per cent) out of total outstanding amount of ₹ 6077.96 crore.

Through the instrument of UCs, the Grantor obtains assurance about proper utilisation of 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 from the intended utilisation of grants. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

During discussion (January 2019), the Finance Department accepted the audit observation. However, it did not comment over the issue of further action to be taken.

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

### 3.3 Non-submission/ pendency of Annual accounts

Six Autonomous District Councils (ADCs) exist in the State and two Autonomous Bodies *i.e.* Manipur State Legal Services Authority and State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) have been set up by the State Government. These Autonomous Bodies/Authorities are audited by the C&AG under Section 14 and 19 (3) of the Duties, Power and Condition of Service (DPC) Act 1971 and Annual Accounts of these Bodies are to be submitted to the Accountant General (Audit) for audit. Annual Accounts of 2017-18 in respect of six<sup>4</sup> Autonomous Bodies/Authorities had not been received (November 2018). The details are shown in the following table:

**Table 3.3: Autonomous Bodies/Authorities for which Accounts had not been received**

Sl. No.	Name of the Body/Authority	Year from which accounts had not been received	Grant received (₹ in crore)
1	Autonomous District Council (ADC), Chandel	2017-18	52.62*
2	ADC, Churachandpur	2017-18	70.63*
3	ADC, Senapati	2017-18	85.60*
4	ADC, Tamenglong	2017-18	64.06*

<sup>4</sup>(i) Autonomous District Council (ADC), Churachandpur, (ii) ADC, Chandel, (iii) ADC, Senapati, (iv) ADC, Tamenglong, (v) ADC, Ukhrul, (vi) Manipur State Legal Service Authority.

Sl. No.	Name of the Body/Authority	Year from which accounts had not been received	Grant received (₹ in crore)
5	ADC, Ukhrul	2017-18	61.39*
6	Manipur State Legal Services Authority	2017-18	1.00*
<b>Total</b>			<b>335.30</b>

\* As per Accounts of 2016-17

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the grants and expenditure had properly been accounted for and whether the purpose for which the grants were provided had actually been achieved.

Besides, delay in finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provision of the respective legislations under which the Bodies were constituted.

Thus, there was a need for the Autonomous Bodies/ Authorities to submit their accounts to Audit in a timely Manner.

During discussion (January 2019), the Department accepted the audit observations.

**Recommendation :** *The Government should put in place appropriate mechanism prescribing 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, accountability mechanism also needs to be put in place to fix responsibility of persons found at fault.*

### 3.4 Delay in placement of Separate Audit Reports of Autonomous District Councils/Autonomous Bodies

The six Autonomous District Councils (ADCs) and two Autonomous Bodies *i.e.* Manipur State Legal Services Authority and State Compensatory Afforestation Fund Management and Planning Authority are audited by the Comptroller and Auditor General (C&AG) of India with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial control, review of systems and procedures *etc.* The status of rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature are indicated in **Appendix 3.3**. Position of placement of Separate Audit Reports (SAR) in the Legislature is summarised in the following table:

**Table 3.4: Position of placement of Separate Audit Report as on 30 November 2018**

Sl. No.	Name of the ADC/ Autonomous Bodies	SAR finalized and placed before Legislature			Delay in placement of SAR
		Year <sup>5</sup>	Date of issue	Date of placement of SAR	
(1)	(2)	(3)	(4)	(5)	(6)
1	ADC, Chandel	2009-10	11.06.2013	26.06.2016	Over 3 years
2	ADC, Churachandpur	2010-11	11.06.2013	19.12.2013	No delay
3	ADC, Sadar Hills	2006-07	19.06.2009	19.12.2013	Over 4 years

<sup>5</sup> Accounts of the Autonomous Bodies finalised upto the year as mentioned in the column.

Sl. No.	Name of the ADC/ Autonomous Bodies	SAR finalized and placed before Legislature			Delay in placement of SAR
		Year <sup>5</sup>	Date of issue	Date of placement of SAR	
4	ADC, Senapati	2007-08	21.10.2010	19.12.2013	Over 3 years
5	ADC, Tamenglong	2007-08	21.10.2010	19.12.2013	Over 3 years
6	ADC, Ukhrul	2006-07	13.01.2010	19.12.2013	Over 3 years
7	Manipur State Legal Service Authority	2012-13	06.10.2016	05.06.2017	No delay
8	State CAMPA	SARs of 2015-16, 2016-17 and 2017-18 under process.			

(Source: Records of Autonomous District Councils, Manipur State Legal Services Authority and State CAMPA)

The above table shows that there was delay of 3 – 4 years in the placement of SARs of ADCs in the legislature. The Government needs to take appropriate action to place SARs in a timely manner to the State legislature. During discussion (January 2019), the Department accepted the position stated by audit.

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

### 3.5 Departmental Commercial Undertakings

Departmental Undertakings of certain Government departments performing activities of commercial/quasi-commercial nature are required to prepare accounts in the prescribed format annually showing the working results of financial operations, so that the Government can assess their performances. As per the Companies Act<sup>6</sup>, the annual accounts of these Government Undertakings are subject to supplementary audit by the CAG. As of 30 September 2018, there were 13 such undertakings (including three non-working companies) which had not prepared their Annual accounts upto 2017-18. The details are shown in the following table:

**Table 3.5: Status of Accounts of Undertakings as on 30 September 2018**

Sl. No.	Name of the Undertaking	Prepared upto	No. of years of accounts not prepared
1	Manipur Tribal Development Corporation	1987-88	30 years
2	Manipur Police Housing Corporation	1997-98	20 years
3	Manipur Handloom & Handicrafts Development Corporation	2004-05	13 years
4	Manipur Food Industries Corporation Ltd.	2009-10	8 years
5	Manipur Industrial Development Corporation	2009-10	8 years
6	Manipur Electronics Development Corporation	2014-15	3 years
7	Manipur State Power Company Ltd.	2014-15	3 years
8	Manipur State Power Distribution Company Ltd.	2014-15	3 years
9	Manipur IT SEZ Project Development Company Ltd.	Nil <sup>7</sup>	--

<sup>6</sup> Section 619 of the Companies Act 1956 and Section 143 of the Companies Act 2013.

<sup>7</sup> Manipur IT SEZ Project Development Company Ltd. (incorporated on 30-12-2013 under the Companies Act, 1956) yet to submit its first Annual Accounts.

Sl. No.	Name of the Undertaking	Prepared upto	No. of years of accounts not prepared
10	Tourism Corporation of Manipur Ltd.	Nil <sup>8</sup>	--
<b>Non-Working Companies</b>			
11	Manipur Plantation Crops Corporation Ltd.	1983-84	34 years
12	Manipur Agro Industries Corporation Ltd.	1988-89	29 years
13	Manipur Pulp & Allied Products Ltd.	2002-03	15 years

Amongst the working companies, two companies *viz.* Manipur Food Industries Corporation and Manipur Industrial Development Corporation had not finalized their accounts for eight years. The delay was much more in respect of three companies *viz.* Manipur Tribal Development Corporation, Manipur Police Housing Corporation and Manipur Handloom & Handicrafts Development Corporation which had arrears in accounts ranging from 13 years to 30 years. The three non-working companies had arrears of accounts ranging from 15 years to 34 years. The Reports of the CAG have repeatedly highlighted the issues of arrears in preparation of accounts.

The position of preparation of accounts and investment made by the Government in departmental undertakings are given in **Appendix 3.4**. The delay in preparation of annual accounts of these Departmental undertakings is fraught with the risk of fraud and misappropriation of public money.

During discussion (January 2019), the Finance Department accepted the audit observation on huge pendency of the Annual Accounts and assured that it would take up the matter in a meeting that would be called with the Managing Directors of all State PSUs.

***Recommendation:*** *The State Government needs to ensure timely finalization of Annual Accounts by the Departmental Commercial Undertakings. Effective steps are required to be taken by the State Government for clearance of arrears of accounts.*

### **3.6 End use of cess**

The State Government notified (April 2010) the enforcement of levy and collection of cess at the rate of one *per cent* of the cost of the construction work, for the purpose of the Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996. In compliance with this notification, the Finance Department instructed (January 2011) all the Departments to include one *per cent* of the estimated cost of construction in the work estimates and the DDOs to deduct at source the said cess and deposit the same by challan in Major Head -0045- Other Taxes and Duties on Commodities and Services, 112 Receipts from Cesses under Other Acts. The Finance Department further instructed (November 2017) that the cess collected by DDOs from the construction works may be deposited by challan in the account of the Board.

<sup>8</sup> Tourism Corporation of Manipur Ltd. (incorporated on 13.07.2016 under the Companies Act, 2013) yet to submit its first Annual Accounts.

The Government of Manipur had constituted the Manipur Building and Other Construction Workers' (MBOCW) Welfare Board under the Labour Department for implementing the Welfare Schemes of Building and Construction workers. The Board receives:

- a. money/cess collected and transferred under the Building and Other Construction Workers Act, 1996;
- b. grants and loans, *etc.* made by the State Government, and
- c. monthly contribution made by the registered workers. The Board also provides benefits and executes schemes as provided under Section 22 of the Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996.

The details of amounts collected and actual expenditures incurred during the period from 2013-14 to 2017-18 are shown in following table:

**Table 3.6: Statement of cess collection and expenditure incurred during 2013-14 to 2017-18**

*(₹ in crore)*

Year	Opening Balance	Cess Receipt during the year	Available Fund	Expenditure	Balance at the end of the year
2013-14	6.52	3.78	10.30	0.08	10.23
2014-15	10.23	5.85	16.08	2.49	13.58
2015-16	13.58	9.67	23.25	7.50	15.78
2016-17	15.78	12.64	28.42	27.61	0.79
2017-18	0.79	72.15	72.94	47.48	25.47

(Source: Information furnished by MBOCW Welfare Board)

During 2017-18, out of the total available fund of ₹ 72.94 crore, the Board spent ₹ 47.48 crore (65 per cent). Funds were utilised on three major items *viz.* skill development (₹ 34.35 crore: 72 per cent), payment of welfare benefits to workers (₹ 9.88 crore: 21 per cent), construction of office building and shelter home (₹ 2.5 crore: 5 per cent).

### **3.7 Misappropriations, losses, defalcations *etc.***

Rule 33 (1) of GFR provides that any loss of public money, departmental revenue or receipts, stamp, stores or other property of the State Government shall be immediately reported to the Accountant General (Audit), even when such loss has been made good by the party responsible for it.

Information regarding non-adjustment of temporary advances, reasons for non-adjustment, non-submission/delay in submission of accounts, cases of misappropriation, losses, defalcations, if any, were called for from 68 Departments/Autonomous Bodies/Departmental Commercial Undertakings.

Only 22 Departments<sup>9</sup> furnished (August 2018 to October 2018) the required information. No pending cases of Advances and no cases of write-off were reported. However, there are two cases of misappropriation, one case each reported from the Manipur Police Housing Corporation Limited (MPHCL) and Science and Technology Department. The details are shown in the following table:

**Table 3.7: Profile of misappropriations, losses, defalcations, etc.**

Name of Department	Nature of the Pending Cases*				
	Nature of the cases	No. of cases	Range in years	Amount involved (₹ in lakh)	Remarks
Manipur Police Housing Corporation Limited	Misappropriation	1	5 - 10	31.88	Awaiting departmental/ criminal investigation
Science and Technology Department, Manipur	Misappropriation	1	10 - 15	12.02	-do-
<b>Total</b>		<b>2</b>	<b>5 - 15</b>	<b>43.90</b>	

\* Year of occurrence of the cases had not been mentioned.  
(Source: Information furnished by the Department)

Misappropriation involving a total amount of ₹ 43.90 lakh was pending for about 5-15 years in the Manipur Police Housing Corporation Limited and Science & Technology Department. Both the departments, however, stated that the reason for the delay in settlement of cases of misappropriation was due to waiting for departmental and criminal investigation.

Without completion of departmental enquiry, recovery of the misappropriated amount from the concerned officers would be difficult. Therefore, the department should ensure that enquiry is expedited so that appropriate action can be initiated against the concerned officers. The Department accepted (January 2019) the audit observation.

**Recommendation:** *The Government should lodge First Information Report in all the cases of defalcation/ misappropriation/ loss to the Government and it may be ensured that timely action is taken in all such cases which may act as a deterrent in avoiding such cases in future.*

<sup>9</sup> (i) PWD, (ii) PHED, (iii) Taxation Dept., (iv) Education (Adult) Department, (v) Tribal Affairs & Hills Department, (vi) Consumer Affairs, Food and Public Distribution Department, (vii) Tourism Department, (viii) Science and Technology Department, (ix) Law Department, (x) Command Area Development Department, (xi) Election Department, (xii) Fire Services Department, (xiii) Home Guards, (xiv) Settlement & Land Records, (xv) Vigilance Department, (xvi) Information Technology Department, (xvii) Manipur Police Housing Corporation Ltd. (xviii) Manipur State Power Company Ltd., (xix) Autonomous District Council, Senapati(xx) Autonomous District Council, Churachandpur. (xxi) Relief & Disaster Management. (xxii) Autonomous District Council, Kangpokpi.

### 3.8 Follow up on State Finances Audit Report

As per Article 151 (2) of the Constitution of India, Audit Reports of the CAG of India on State Finances are submitted to the Governor of the State for placing the Reports in the State Legislative Assembly. Audit Reports placed to the Legislative Assembly stand referred to the Public Accounts Committee (PAC). The details of placing of Audit Reports of the last seven years (2010-11 to 2016-17) to the Legislative Assembly and their discussion by the PAC are shown in the following table:

**Table 3.8: Discussion of State Finances Audit Report (SFAR) by PAC**

Year of SFAR	Date of placing SFAR to the Legislature Assembly	Date of discussion of SAFR by PAC (Date of placing recommendation of PAC)	Gist of Recommendation	Action taken notes	Remarks
2010-11	6.07.12	November 2011* (24 July 2014)	Recommended for regularization of excess expenditure	Action not yet taken	Excess over provisions was discussed
2011-12	11-6-13	14 & 15 November.2013 (24 July 2014)	-do-	-do-	Report was discussed totally
2012-13	16-7-14	<i>Suo-moto</i> examination made by PAC independently (9 July 2015)	-do-	-do-	Excess over provisions was discussed
2013-14	29-6-15	<i>Suo-moto</i> examination made by PAC independently (5 September 2015)	-do-	-do-	Excess expenditure over provision was discussed
2014-15	02-09-16	<i>Suo-moto</i> examination made by PAC independently (23 July 2018)	-do-	-do-	Irregularities of expenditure on financial accountability and Budget management were discussed
2015-16	21-07-17	<i>Suo-moto</i> examination made by PAC independently (23 July 2018)	-do-	-do-	-do-
2016-17	23-07-18	Yet to be discussed by the PAC			

\* Exact date of discussion of Report not readily available.

Excess of expenditure over provisions as reported in 2010-11 to 2015-16 was recommended for regularisation by the PAC. However, the State Government has not taken action in this regard.

The Department accepted (January 2019) the audit observation. However, it was silent over the further course of action.

The recommendation of the PAC on the Report is given in **Appendix-3.5**. Action taken note of the Government on the recommendation is awaited till date.

### 3.9 Conclusion

The Review of drawal of funds on AC bills and submission of DCC bills revealed that there is need for strengthening internal controls and effective monitoring in this area. The funds were drawn on AC bills without adequate planning and immediate requirement and also to avoid lapse of budget grants, thereby resulting in unnecessary retention/parking of funds. Drawal of funds without submission of appropriate supporting documents is fraught with the risk of other financial irregularities including misappropriation of fund.

Delay in submission of DCC bills was noticed. Non-submission of the DCC bills within the stipulated time frame and drawal of funds for plan schemes/capital expenditure on AC bills at the end of the financial year were indicative of inadequate financial management.

There were 4706 Utilisation Certificates aggregating to ₹ 6077.96 crore in arrears in respect of grants given to 38 Departments as of 30 September 2018.

There were delays and arrears in finalisation of accounts by the Departmental Commercial Undertakings. There was also delay in placement of SARs in the Legislature.

Imphal

Dated: 26.06.19

(CHHERING ANGRUP BODH)

Pr. Accountant General (Audit), Manipur

Countersigned

New Delhi

Dated: 28<sup>th</sup> June, 2019

(RAJIV MEHRISHI)

Comptroller and Auditor General of India

