

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instruction.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 42 grants/appropriations was as given in **Table 2.1**:

Table 2.1: Summarized position of actual expenditure vis-à-vis Original/supplementary provisions

(Rupees in crore)						
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<i>Voted</i>	I Revenue	18558.02	5901.27	24459.29	18303.80	(-)6155.49
	II Capital	3252.68	1279.75*	4532.43	3839.11*	(-)693.32
	III Loans and Advances	329.24	79.24	408.48	210.97	(-)197.51
Total Voted		22139.94	7260.26	29400.20	22353.88	(-)7046.32

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Charged	IV Revenue	4708.81	8.56	4717.37	2920.56	(-)1796.81
	V Capital	4.05	5.39	9.44	5.67	(-)3.77
	VI Public Debt- Repayment	1894.28	63.48	1957.76	1492.61	(-)465.15
Total Charged		6607.14	77.43	6684.57	4418.84	(-)2265.73
Appropriation to Contingency Fund (if any)			250.00	250.00	250.00	...
Grand Total		28747.08	7587.69	36334.77	27022.72	(-)9312.05

Source: Orissa Appropriation Act, 2008 & Appropriation and Finance Accounts 2008-09.

*Excludes Rs 250.00 Crore transferred to Orissa Contingency Fund which is shown separately.

The expenditure figures were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs 34.24 crore) and Capital heads (Rs 65.61 crore). The overall saving of Rs 9312.05 crore was the result of saving of Rs 9313.13 crore in 37 grants and two appropriation under Revenue Section, 21 grants and two appropriation under Capital Section and offset by excess of Rs 1.08 crore in two grants under Revenue Section and one grant under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were referred (30 July 2009) by the office of the Accountant General (A&E) to the Controlling Officers requesting them to explain the significant variations. However, specific reasons from them had not been received (October 2009).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 12 cases relating to 10 grants, savings exceeded Rs 10 crore in each case and by more than 20 *per cent* of total provision (**Appendix 2.1**). Against the total savings of Rs 4956.63 crore, savings of Rs 4832.16 crore (97.49 *per cent*)¹ occurred in seven cases relating to five grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)						
Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	3- Revenue and Disaster Management Department	1259.73	2098.80	3358.53	870.33	2488.20
2	5- Finance Department	3823.84	34.04	3857.88	2196.01	1661.87
3	12-Health and Family Welfare Department	1002.89	207.91	1210.80	897.23	313.57

¹ Exceeding Rs 50 crore in each case.

Sl. No.	No. and Name of the Grant	Original	Supple- mentary	Total	Actual Expenditure	Savings
4	33-Fisheries and Animal Resources Development Department	194.92	84.26	279.18	223.31	55.86
Capital-Voted						
5	5- Finance Department	249.51	306.34	555.85	394.98	160.87
6	22-Forest and Environment Department	185.90	8.79	194.69	112.91	81.78
Revenue-Charged						
7	5-Finance Department	70.01	...	70.01	...	70.01
TOTAL		6786.80	2740.14	9526.94	4694.77	4832.16

Source : Appropriation Accounts for respective years

Specific reasons for excessive savings were not intimated by the Departments.

2.3.2 Persistent Savings

During 2008-09 in 10 grants, savings ranged from Rs 3.30 crore to Rs 2488.20 crore and also by nine *per cent* to 74 *per cent* of the total grant. The savings persisted in all the ten grants during 2004-09 as detailed in Table 2.3 below.

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in crore)

Sl. No.	Number and name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	3-Revenue	166.08 (17)	129.37 (13)	570.56 (33)	441.84 (35)	2488.20 (74)
2	5-Finance	403.14 (23)	473.05 (25)	455.92 (23)	323.42 (15)	1661.87 (43)
3	22-Forest and Environment	41.18 (32)	21.18 (17)	27.94 (16)	38.18 (14)	50.49 (14)
4	23-Agriculture	34.30 (12)	101.57 (29)	42.81 (14)	179.18 (32)	57.34 (9)
5	30-Energy	55.22 (55)	12.51 (24)	42.76 (56)	64.55 (26)	38.51 (12)
6	31-Textiles and Handloom	43.61 (69)	20.94 (40)	5.63 (10)	36.01 (46)	16.51 (23)
7	36-Women and Child Development	84.21 (17)	266.46 (32)	130.42 (15)	238.13 (18)	151.16 (9)
Capital-Voted						
1	01-Home	52.47 (70)	35.36 (44)	33.32 (39)	24.80 (25)	18.11 (13)
2	07-Works	53.44 (16)	87.20 (27)	296.82 (48)	210.31 (30)	195.82 (17)
3	33-Fisheries and Animal Resources	1.79 (92)	4.64 (94)	3.36 (63)	9.29 (95)	3.30 (73)

Source : Appropriation Accounts for respective years

As stated above, the reasons attributed to savings were of general nature and not specific.

2.3.3 Excess Expenditure

In eight grants, expenditure aggregating Rs 616.18 crore was more than Rs 10 crore (15 cases) which exceeded the approved provisions by Rupees two crore and more in each case and by more than 20 *per cent* of the total provisions. Details are given in *Appendix 2.2*.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. However, expenditure of Rs 9.71 crore was incurred in two grants (three cases) without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect as detailed in **Table 2.4**

Table 2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)			
Sl. No.	Number and Name of Grants/ Appropriations	Amount of Expenditure without provision	Reasons / Remarks
1	07-Works Department-(Revenue Voted)-2059-Public Works -State Plan-State Sector-80- General-800-Other Expenses-(16)1012-Other Expenses	0.07	Reasons for expenditure without provision were not intimated.
2	07-Works Department-(Capital Voted)-4202-Capital Outlay on Education Sports, Arts & Culture-Central Plan-State Sector-03- Sports and Youth Services-Sports stadia-789-Special Component Plan for Schedule Castes-(77)-0182- Construction of buildings.	0.02	Reasons for expenditure without provision were not intimated.
3	28-Rural Development Department (Revenue Voted)-2215-Water supply and Sanitation-State Plan-State Sector-01-Water Supply-(32)-1759-Rural Drinking Water Supply	9.62	Reasons for expenditure without provision were not intimated.
TOTAL		9.71	

Source : Appropriation Accounts 2008-09

2.3.5 Drawal of funds to avoid lapse of budget grant

According to the provisions of Orissa Treasury Code Volume I (Rule 242) and Orissa Budget Manual (Rule 141), no money should be drawn from the Treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in banks or under Civil Deposit to prevent the lapse of budgetary grants. But as per Finance Accounts for the year 2008-09 of the State Government, the unspent opening balance of Rs 466.19 crore as on 1 April 2008 under 8443-Civil Deposits-800-Other Deposits increased to Rs 539.92 crore as at the close of 31 March 2009. The amounts drawn were neither fully spent for the specific purposes nor remitted to Government Account before closure of the financial year 2008-09.

2.3.6 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, but the regularization of excess expenditure amounting to Rs 9098.83 crore for the years 1997-2008 was yet to be done as detailed in **Table 2.5**.

Table 2.5: Excess over provisions relating to previous years requiring regularization
(Rupees in crore)

Year	Number of		Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
	Grants	Appropriations			
1997-98	6	2	3-Revenue, 5- Finance, 7- Works, 13-Housing and Urban Development, 15-Sports and Youth Services, 22-Forest and Environment, 6003-Internal Debt of the State Government and 6004-Loans	989.97	Under consideration of PAC.
1998-99	9	-	5-Finance, 6-Commerce, 7-Works, 8-Legislative Assembly, 12-Health and Family Welfare, 13-Housing and Urban Development, 24-Steel and Mines, 32-Tourism and Culture, 35-Public Enterprises	126.26	Under consideration of PAC. Tourism and Culture Department yet to render explanatory note to PAC for amount of Rs 0.13 crore.
1999-2000	11	1	1-Home, 5-Finance, 6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 17-Panchayati Raj, 20-Water Resources, 26-Excise, 28-Rural Development, 29-Parliamentary Affairs and 6003-Internal debt of the State Government	2658.52	Under consideration of PAC
2000-01	6	2	6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 20-Water Resources, 22-Forest and Environment, 6003- Internal Debt of the State Government, 6004-Loans and Advances from Central Government	2474.48	Under consideration of PAC except for Rs 2.82 crore relating to Commerce Department for which explanatory note awaited.
2001-02	3	1	15-Sports and Youth services, 20-Water resources, 28-Rural Development and 6004-Loans and Advances from Central Government	393.58	Under consideration of PAC
2002-03	3	2	8-Orissa Legislative Assembly, 15-Sports and Youth services, 20-Water Resources, 6003-Internal Debt of State Government and 6004-Loans and Advances from Central Government	2068.93	Under consideration of PAC
2003-04	2	-	13-Housing and Urban Development, 21-Transport	0.0025	Explanatory note awaited from the Departments.
2004-05	3	-	7-Works, 34-Co-operation and 38-Higher Education	9.94	Under consideration of PAC
2005-06	2	-	7-Works, 31-Textile and Handloom	0.06	Explanatory note awaited from the Textile and Handloom Department and Works Department.
2006-07	1	1	22-Forest and Environment 6004-Loans and Advances from Government of India	362.05	Explanatory note for Rs 15.91 crore awaited from the Forest and Environment Department.
2007-08	1	-	22-Forest and Environment (voted)	15.04	Explanatory note for Rs 15.04 crore awaited from the Forest and Environment Department.
TOTAL	47	9		9098.8325	

Source : Appropriation Accounts 2007-08 and Audit Reports for respective years.

2.3.7 Excess over Consolidated Fund of the State (CFS) during 2008-09 requiring regularization

Table 2.6 contains the summary of total excess in three grants amounting to Rs 1.08 crore over authorisation from the Consolidated Fund of the State (CFS) during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularization during 2008-09

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
Revenue (Voted)				
1	34 Expenditure relating to Co-operation Department.	152.29	153.34	1.05
Capital (Charged)				
2	28 Expenditure relating to Rural Development Department.	0.15	0.16	0.01
Revenue (Charged)				
3	08 Orissa Legislative Assembly	0.19	0.21	0.02
Total		152.63	153.71	1.08

Source : Appropriation Accounts 2008-09

No reasons for excess expenditure over authorization from the Consolidated Fund of the State were furnished by the concerned Departments.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating to Rs 2645.60 crore obtained in 13 cases, during the year 2008-09 proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.3**. Supplementary provision of Rs 137.34 crore proved insufficient by more than rupees one crore in 17 cases leaving an aggregate uncovered excess expenditure of Rs 83.03 crore (**Appendix 2.4**).

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriations proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh in 430 sub-heads, of which excess/saving was more than rupees one crore in 63 sub-heads (savings of Rs 451.27 crore in 44 sub-heads under 15 grants and excess of Rs 180.02 crore in 19 sub-heads under 11 grants)

as detailed in *Appendix 2.5*. The reasons of savings /excess were not intimated.

2.3.10 Unexplained re-appropriations

According to Rule 139 of Orissa Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions should be avoided. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 790 items out of 1186 (67 *per cent*), reasons given for additional provision/withdrawal of provision in re-appropriation orders were vague like “actual requirement”, “based on latest assessment” and “restriction of expenditure” and no specific reasons were recorded.

2.3.11 Substantial surrenders

Substantial surrenders (involving more than 50 *per cent* of total provision) were made in respect of 331 sub-heads representing scheme/ programmes/ projects/ activities due to non-implementation or slow implementation thereof and provision of Rs 5895.48 crore (78 *per cent*) out of Rs 7539.33 crore was surrendered, including *cent per cent* surrenders in 160 schemes (Rs 879.03 crore). In 23 test-checked cases given in *Appendix 2.6*, *cent per cent* surrender was attributed to non release of Central share (eight cases), non receipt of contributions from beneficiaries (two cases), plan cut (four cases) and non implementation of UGC Scale of Pay (two cases). No reasons were assigned in remaining (seven) cases.

2.3.12 Surrender in excess of saving

As against savings of Rs 357.13 crore, the amount surrendered was Rs 362.02 crore resulting in excess surrender of Rs 4.89 crore. In nine cases, such excess was more in each case of surrender. Details are given in *Appendix 2.7*.

The surrenders indicate weak control over spending on activities for which provision(s) were made.

2.3.13 Anticipated savings not surrendered

As per Rule 146 of Orissa Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2008-09, there were, however, 25 grants in which savings noticed but no part of such saving was surrendered by the concerned departments. The amount involved in these cases was Rs 1382.84 crore (21 *per cent* of the total savings) (*Appendix 2.8*).

Similarly, of the total savings of Rs 6920.46 crore (i) Savings of rupees one crore and above in each grant/appropriation aggregated to Rs 2430.62 crore (35 *per cent* of total savings) in 23 grants (27cases) which were not surrendered; details are in *Appendix 2.9* and (ii) Surrender of funds in excess of Rs 10 crore in each case on the last

two working days of March 2009 in 44 cases aggregated to Rs 5428.43 crore (**Appendix 2.10**). These indicate inadequate financial control and non allocation of funds for intended development purposes, which contributed to huge revenue surplus.

2.3.14 Rush of expenditure

According to Rule 147 of Orissa Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 66 sub-heads listed in **Appendix 2.11**, expenditure exceeding Rs 10 crore and also more than 50 *per cent* (in each case) of the total expenditure for the year was incurred in March 2009. **Table 2.7** also represents the major heads where 100 *per cent* of expenditure was incurred during the last month of the financial year.

Table 2.7: Cases of rush of expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during March 2009	
			Amount	Percentage of total expenditure
1	3-2245-Relief on account of Natural Calamities.	531.53	531.53	100
2	7-5054-Capital Outlay on Roads and Bridges	125.86	125.86	100
3	10-2202-General Education	50.00	50.00	100
4	12-2210- Medical and Public Health	45.50	45.50	100
5	13-4215-Capital Outlay on Water Supply and Sanitation.	21.70	21.70	100
6	19-6885- Other Loans to Industries and Minerals	41.90	41.90	100
7	30-2801-Power	111.38	111.38	100
8	30-4801-Capital Outlay on Power Projects	23.06	23.06	100
9	38-2202-General Education	16.75	16.75	100
TOTAL		967.68	967.68	100

Source : Monthly Appropriation Reports for the month of March 2009 of AG(A&E)

Release of funds at the end of financial year does not give required time for proper execution of the planned activities during the year.

2.4 Non-reconciliation of departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per provisions of SR 260 and 261 of Orissa Treasury Code Vol. I (OTC) read with Rule 84 of the Orissa General Financial Rule (OGFR), every drawing officer has to certify in each Abstract Contingent (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for counter signature and transmission to the

Accountant General. The total amount of Detailed Countersigned Contingent (DCC) bills received during the period 2003-04 to 2008-2009 was only Rs 111.28 crore against the amount of AC bills of Rs 192.50 crore leading to an outstanding balance of DCC bills of Rs 81.22 crore as on 31 March 2009. Year wise details are given in **Table 2.8**.

Table 2.8: Pendency in submission of DCC Bills against AC Bills

(Rupees in crore)

Year	Amount of AC bills	Amount of DCC bills outstanding	DCC bills as percentage of AC bills	No of outstanding AC bills
2003-04	38.91	14.10	36.23	7649
2004-05	24.57	5.65	22.99	2187
2005-06	14.48	1.80	12.43	1251
2006-07	39.51	10.64	26.93	1583
2007-08	23.31	5.65	24.24	2768
2008-09	51.72	43.37	83.87	6042
Total	192.50	81.21	42.18	21480

Source : Information furnished by AG(A&E).

Department-wise pending DCC bills for the years up to 2008-09 is detailed in **Appendix 2.12**. As the amount is already charged to the works / activities concerned, delayed adjustment of unspent balances may lead to booking of excess of cost than actual expenditure, temporary misappropriation of funds, amounts of unspent advances remaining out of Government account.

2.4.2 Un-reconciled expenditure

To enable Controlling Officers of Departments to monitor and progress of expenditure to keep it within the budget grants and also to ensure accuracy of their accounts, Orissa Budget Manual (Rule 133) and Orissa General Financial Rules (Rule 318) stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2008-09 also as eight Controlling Officers did not reconcile expenditure amounting to Rs 586.57 crore fully as of 30 March 2009, of which, amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-09 in respect of the following four Controlling Officers as given in **Table 2.9**.

Table 2.9: List of controlling officers where amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-2009

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Principal Secretary to Government, Commerce and Transport Department	10.21
2.	Commissioner-cum Secretary to Government, Women and Child Development Department	259.73
3.	Director, Vocational Education, Industries Department.	18.33
4.	Chief Engineer and Basin Manager, Budhabalanga, Subarnarekha and Baitarani Basin, Water Resources Department.	296.43

Source: Information furnished by AG (A&E).

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Orissa Contingency Fund Act, 1967 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and required to be recouped by obtaining supplementary grants during the first session of Assembly immediately after the advance is sanctioned. Its corpus was enhanced (October 2008) from Rs 150 crore to Rs 400 crore. During 2008-09, advances of Rs 11.07 crore were sanctioned and withdrawn from the fund and Rs 51.34 crore was recouped leaving a further sum of Rs 24.15 crore relating to earlier period un-recouped upto the end of March, 2009 as detailed in Table 2.10.

Table 2.10: Un-recouped amount of the Contingent Fund of the State.

(Rupees in crore)

Period	Amount	Remarks
1998-1999	0.75	More than 5 years and less than 10 years
1999-2000	12.33	More than 5 years and less than 10 years
2008-2009	11.07	Below one year.
TOTAL	24.15	

Source : Information furnished by AG(A&E).

▶ 2.6 Personal Deposit Accounts

Note below Rule 141 read with sub-rule (3) of Orissa Budget Manual (OBM) provides that no money should be withdrawn from the treasury unless it is required for immediate use. Nor it is permissible to draw money from the treasury and then to place it in deposit in order to avoid lapse of allotment. If under any special circumstances money is drawn in advance (under the orders of competent authority), the unspent balance of the amount so drawn should be refunded to the treasury at earliest possible opportunity and in any case before the end of the financial year in which the amount was drawn. Further, according to the provisions of the Orissa Treasury Code, Volume I (Rule 423) Personal Deposit (PD) accounts remaining in-operative for three full financial years were to be closed automatically and the unspent balances were to be transferred to Government Account for which the Treasury Officers were to furnish detailed information to the Accountant General (A&E) immediately after 31 March of each financial year.

As per information furnished to Audit by the Director of Treasuries and Inspection, Orissa, all 918 PD accounts under 8443-Civil Deposits-106-Personal Deposit accounts under operation in the State were closed with unspent balances amounting to Rs 322.11 crore as of 31 March 2009 without being transferred back to the relevant service heads from which the same were originally provided. Besides, inspection of Treasuries by the Accountant General (A&E) during 2008-09 also revealed that in five Treasuries/Sub-Treasuries 28 PD accounts with balances of Rs 131.20 crore were kept idle continuously for more than three years as of 31 March 2008 without taking steps for their closure. The details are furnished in the *Appendix 2.13*.

▶ 2.7 Errors in budgeting process

2.7.1 Rush of Expenditure

As per Budget Manual, Controlling Officers are responsible for ensuring effective control over progressive expenditure and guard against rush of expenditure in the last month/quarter of the financial year. On scrutiny of records of Rural Development Department it was revealed that out of total expenditure of Rs 254.49 crore, Rs 186.63 crore (73.33 *per cent*) was incurred during last quarter (January-March 2009) of which Rs 155.44 crore (61.08 *per cent*) during the last month (March 2009) under six schemes/services.

2.7.2 Surrender of Entire Provision

Scrutiny of records of Rural Development Department revealed that the entire provision of Rs 1.35 crore made in the Budget Estimates

(2008-09) under Centrally Sponsored Plan towards Management Information System and Computerization was surrendered at the end of the financial year.

▶ 2.8 Outcome of review of selected grants

Review of the budget proposals, actual expenditure and fund management in respect of Tourism and Culture (Grant No. 32) and Women and Child Development (Grant No. 36) Departments revealed the following irregularities

2.8.1 Persistent savings

Persistent savings were noticed in Grant No. 32 (Tourism and Culture Department) both under revenue and capital during consecutive three years from 2006-07 to 2008-09. Total saving during these years under revenue account was Rs 4.19 crore and under capital account was Rs 2.42 crore.

2.8.2 Belated surrender

Orissa Budget Manual (Rule 144 and 146) provides that all anticipated savings should be surrendered immediately after these are foreseen and latest by 10 March of the financial year. However, in violation of these instructions, Rs 123.54 crore was surrendered by the two departments during 2008-09 (Tourism and Culture Department: Rs 2.64 crore and Women and Child Development Department: Rs 120.90 crore²) on 31 March 2009. Similarly, out of total savings of Rs 2.76 crore (Rs 1.66 crore in 2006-07 and Rs 1.10 crore in 2007-08), Rs 2.56 crore (Rs 1.45 crore in 2006-07 and Rs 1.11 crore in 2007-08) was also surrendered by Tourism and Culture Department on the last day of the financial year.

2.8.3 Persistent surrender of entire provision

Tourism and Culture Department surrendered the entire provision of Rs 194.20 lakh³ under “5452-Capital outlay on tourism (Centrally Sponsored Plan-State Sector)-01-Tourist infrastructure” and “2205 (Centrally Sponsored Plan-State Sector)-102-Promotion and Art and Culture” during 2006-07 to 2008-09. In Grant 36 (Women and Child Development Department), the entire provision of Rs 5.47 crore under “2236-Nutrition-State Plan-District Sector-0980-Nutrition for adolescent girls” and Rs 12 lakh under “2235-Social Security and Welfare-State Plan-District Sector-02-Social Welfare-101-Welfare of Handicapped” was surrendered during 2008-09.

² As per Appropriation Account, amount surrendered was Rs 120.90 crore where as Rs 121.81 crore was surrendered by Women and Child Development Department vide letter number W&CD 7820 dated 31 March 2009. The discrepancy has not been reconciled.

³ 2006-07: Rs 96.20 lakh, 2007-08:Rs 24.00 lakh and 2008-09: Rs 74.00 lakh

2.8.4 Non-utilisation of central assistance

The central plan scheme of “Development of tourist circuit Bhubaneswar -Puri-Chilika under Mega project” with project cost of Rs 35.78 crore⁴, was to be undertaken on cost sharing basis between the Government of India (GoI) and the State Government. The GoI sanctioned and directly released (08 June 2008) 50 *per cent* of the central share of Rs 15.11 crore in favour of Orissa Tourism Development Corporation Limited (OTDC), the executing agency, for utilization within 18 months i.e by 7 December 2009. However, the State share of Rs 2.78 crore was neither released by the State Government nor the executing agency commenced the work (October 2009). Besides, in two other projects⁵ under central plan scheme, despite sanction and direct receipt (November / December 2008) of central assistance of Rs 5.76 crore against the project cost of Rs 7.20 crore by the OTDC, the works were not commenced by the executing agency (October 2009). It was further noticed that Rs 66.15 crore⁶ was released to the executing agency during 2004-08 for execution of 14 schemes with project cost of Rs 85.96 crore⁷. However, it was noticed that Rs 21.88 crore was spent and balance Rs 44.27 crore remained unspent as of October 2009. Consequently, the works remained incomplete.

2.8.5 Huge Cash balances with Drawing and Disbursing Officers

The Orissa Budget Manual (Note below Rule 141) as well as the Orissa Treasury Code Volume I (Rule 242) prohibit drawal of funds without immediate requirement in order to avoid lapse of allotment. In case under any special circumstances, fund is drawn from the treasury in advance, the unspent balance should be refunded to the treasury at the earliest before the end of the concerned financial year. Mention was made (paragraph 4.5.6) in C&AG’s Report (Civil) for year ended 31 March 2006 on Government of Orissa regarding irregular retention of Government money outside Government account by the Director of Culture (DC). Scrutiny of the cash book of DC revealed that the closing balance of Rs 5.13 crore in the cash book as on 31 March 2009 included 512 un-disbursed bank drafts (BDs) for Rs 2.58 crore of which 438 BDs for Rs 1.54 crore⁸ continued to remain un-disbursed (October 2009) to the payees for periods ranging from nine months to more than five years. Of the undisbursed BDs, 409 BDs for Rs 9.71 lakh remained un-disbursed for over five years due to non-availability of detailed whereabouts of the payees and the Directorate of Culture assured to credit the amount to the Government account, which was awaited (October 2009). Further, three drafts *viz* (i) one BD for

⁴ Central share : Rs 30.23 crore and State share: Rs 5.55 crore

⁵ “Development of Nandankanan-Khandagiri-Deras-Chandaka as a tourist circuit in Orissa”: Rs 3.40 crore and “Development of Berhampur-Nuagarh-Kuadal-Nandini-Jhangibandha as tourist destination”: Rs 3.79 crore

⁶ Release: Central assistance : Rs 56.21 crore and State share : Rs 9.94 crore

⁷ Project cost: Central share: Rs 73.04 crore and State share: Rs 12.92 crore

⁸ (i) 409 BDs for Rs 9.70 lakh (more than five years), (ii) 10 BDs for Rs 1.28 lakh (more than one year) and (iii) 19 BDs for Rs 1.43 crore (within one year).

Rs 27.5 lakh drawn in March 2009 in favour of Orissa Industrial Infrastructure Development Corporation and (ii) two drafts for rupees one crore drawn in March 2009 in favour of Director, Technical remained un-disbursed (October 2009) due to legal problem and non-receipt of Government decision.

2.8.6 Non-utilization of Twelfth Finance Commission Grant and its retention in current account with banks in shape of bank drafts

Twelfth Finance Commission (TFC) recommended grants of Rs 50 crore for the State of Orissa to be released during 2006-10 under "Heritage Conservation" for preservation and protection of historical monuments, archaeological sites, public libraries, museums and archives and also for improving the tourist infrastructure. During 2006-09, the State Government (Tourism & Culture Department) received TFC grants of Rs 37.50 crore⁹ out of which Rs 11.25 crore was placed with the Director, Tourism (2006-07 : Rs 1.75 crore, 2007-08 : Rs 5.75 crore and 2008-09 : Rs 3.75 crore) for spending during the years of sanction on important of tourist infrastructure. However, it was noticed that only Rs 2.20 crore was utilized for completion of seven projects and remaining Rs 9.05 crore left unutilized (October 2009).

Similarly, the balance Rs 26.25 crore relating to the Culture wing of the Department, the entire amount was drawn in shape of bank-draft and advanced to executing agencies¹⁰ with delays ranging from 18 to 337 days out of which Rs 19 crore was utilized leaving Rs 7.25 crore unutilized (October 2009). The unspent balance included Rs 5.52 crore paid to 29 District Collectors during 2006-07 for construction of Sanskruti Bhawan in the respective districts. However, such works with estimated cost of Rs 3.30 crore had not been commenced in 17 districts (October 2009).

Further, it was noticed that in violation of Gol instruction (November 2007) and decisions (March 2006) of High Level Monitoring Committee (HLMC) not to draw the grants without immediate requirement and not to keep the amount idle for more than 15 days, Rs 11.25 crore and Rs 26.25 crore were retained by the Directorate of Tourism and Directorate of Culture respectively in non-interest bearing current account with banks and in shape of bank drafts for the periods ranging from 18 to 337 days¹¹ and were released to executing agencies

⁹ 2006-07: Rs 12.50 crore (7 November 2006), 2007-08: Rs 12.50 crore (March 2008) and 2008-09: Rs 12.50 crore (November/ December 2008).

¹⁰ Rs 3.04 crore was drawn from current accounts within 15 days of receipt and was advanced to executing agencies and Rs 23.21 crore was drawn from current accounts after 18 to 337 days of receipt of funds and was advanced to executing agencies.

¹¹ **Tourism Department:** (i) Rs 1.75 crore received on 19 February 2007 was released to OTDC on 21 August 2007, (ii) Rs 2 crore received on 25 June 2008 was released to implementing agencies OTDC (Rs 1 crore on 30 September 2008) and IDCO (Rs one crore on 31 October 2008), (iii) Rs 3.75 crore for 2007-08 received on 25 June 2008 was released to OTDC on 27 May 2009 after retaining in current account for 337 days, (iv) Rs 3.75 crore for 2008-09 received on 20 January 2009 was released to OTDC on 27 May 2009 after retaining in current account for 128 days, **Culture Department:** Rs 23.21 crore out of Rs 26.25 crore was drawn during 7 November 2006 to 22 December 2008 and released to executing agencies after retaining in current account for 18 to 115 days

thereafter. As a result the opportunity to earn bank interest of Rs 45.69 lakh¹² by the State was lost.

▶ 2.9 Conclusion and Recommendations

- Although set procedure for Department wise reconciliation with AG (A&E) exists, the same was not being observed. The Chief Controlling Officers may ensure monthly reconciliation of expenditure with AG (A&E).
- Capital expenditure may be spread over evenly throughout the year so as to absorb the provisions and early formations of capital assets and also to avoid rush of expenditure at the end of Financial year.
- Adjustment of pending DC bills within stipulated period may be strictly ensured.
- Grant-in aid and central funds to be paid to executing agencies may be released within the shortest time gap in order to avoid parking of funds in PL account. The Chief Controlling Officers should ensure early regularization of excess/savings pertaining to previous period in order to close the accounts finally.

¹² Tourism: Rs 25.15 lakh, Culture: Rs 20.54 lakh