

## Chapter 4: Financial Management

For undertaking developmental activities in the District, funds are allocated through the State budget. The funds are also released directly to the implementing agencies for various socio-economic programmes funded by the Government of India (GOI) and the State Government.

The total flow of funds to the district during 2004-09 and expenditure incurred was not available with the Chief Planning Officer. The funds received directly by the implementing agencies were shown as utilized as soon as these were released even though the bulk of such funds may not have been spent on various purposes for which they had been released. The position of allocation and release of funds for the period in respect of the 32 components under Social Sector (7 components), Economic Sector (24 components) and General Sector (1 component) is detailed in the *Annexure*.

The funds received and reported expenditure in respect of certain significant departments and programmes, during 2004-09, as collected by Audit is detailed below:

**Table 1**

(₹ in crore)

<i>Name of the Department</i>	<i>Funds provided</i>	<i>Expenditure incurred</i>
<b><i>Social Sector</i></b>		
Chief Education Officer Rajouri	181.15	162.14
Chief Medical Officer Rajouri	51.74	48.70
District Social Welfare Officer Rajouri	38.05	36.60
<b><i>Economic Sector</i></b>		
Public works	165.04	158.65
Public Health Engineering	127.48	125.78
Rural Development	74.66	63.49
<b><i>General Sector</i></b>		
Sr Superintendent of Police, Rajouri	119.83	117.20

Though about 98 *per cent* of funds were reported as utilised during 2004-05 to 2008-09, audit check revealed that against ₹ 69.58 crore shown to have been spent by Chief Education officer under Mid day Meal Scheme and Sarva Shiksha Abhiyan, the actual expenditure was ₹ 59.52 crore during 2004-09. The balance amount of ₹ 10.06 crore was lying in the bank accounts.

Following significant points were noticed:

- Rush of expenditure in the closing months of the financial year to avoid lapsing of grants implies imprudent management of finances. Scrutiny of data in four<sup>3</sup> Public Works Divisions and one Forest Division of the District showed that expenditure incurred in the month of March of each year of the period (2004-09), ranged between 40 and 53 *per cent* of the total allotment for the year as tabulated below:

3 PWD (R&B) Division Nowshera, PHE Divisions Rajouri and Nowshera, PMGSY Division Rajouri

Table 2

(*₹ in crore*)

Year	Total expenditure	Expenditure incurred in the month of March	Percentage
2004-05	23.53	11.74	50
2005-06	27.60	11.43	41
2006-07	25.24	13.40	53
2007-08	46.90	18.94	40
2008-09	57.15	29.46	51

(Source: Departmental records)

The rush of expenditure was attributed to belated release of funds which, in turn, indicated failure of the administration to regulate flow of funds evenly during the year.

- Analysis of expenditure incurred during the period showed that four Sectoral Officers had expended funds between 38 and 90 per cent as administrative charges which was far in excess of the expenditure incurred on developmental works as tabulated below.

Table 3

(*₹ in crore*)

S. No	Sectoral Officer	Total expenditure	Administrative expenses	Developmental Expenditure	Administrative expenses in percentage
1.	Divisional Forest Officer, Rajouri	18.86	16.34	2.52	87
2.	General Manager DIC, Rajouri	3.65	3.28	0.37	90
3.	Assistant Soil Conservation Officer (Agri), Rajouri	3.01	1.89	1.12	63
4.	Project Officer DRDA, Rajouri	5.85	2.23	3.62	38
<b>Total</b>		<b>31.37</b>	<b>23.74</b>	<b>7.63</b>	

(Source: Departmental records)

On this being pointed out, the Sectoral Officers stated that funds were utilized as per the grants provided by the higher authorities.

**In essence, the funds were shown as spent but were actually lying unutilised in bank accounts. The fact that the administrative charges on development works were inordinately high indicates that less funds were available for development works**

**Recommendations:**

- *A robust and reliable system should be put in place for receipt, utilisation and accountal of funds. The system so evolved should show actual utilisation of funds distinct from mere releases.*
- *Efforts should be made to bring down the administrative charges on developmental works.*