

## CHAPTER – IV

### Accounting Framework and Financial Management

The funds for implementation of schemes / projects were allocated to the departments in their respective budget head by the Finance, Revenue and Expenditure Department (FRED) without any district-wise segregation except for the direction and administration head for which district specific department-wise allocations were reflected. The funds required by the districts for implementation of scheme / project was allocated to the district by their head office on receipt of requisition by the district offices based on resources made available by the FRED.

Neither the district administration nor any other authority was vested with the responsibility to maintain consolidated accounts of the funds inflow to the district and expenditure incurred there against. As a result, total quantum of funds received by the district during 2006-07 to 2010-11 and the expenditure there against was not available centrally with any of the district authorities such as DC, DDO or DPO.

#### 4.1 Budget and Expenditure

As mentioned in the preceding paragraphs, fund flow statement was not available in the district centrally with any of the authorities. The details of funds received and expenditure for the selected major schemes during 2006-07 to 2010-11 was, however, collected from the various implementing departments/ agencies and have been shown in the table below:

**Table-4.1**

(₹ in lakh)

| Department                          | Scheme                                 | Receipt/<br>Provision | Expenditure | Unspent<br>balance | Percentage of<br>non- utilisation<br>of funds |
|-------------------------------------|--|-----------------------|-------------|--------------------|---|
| Rural Management<br>and Development | NREGA                                  | 5619.48               | 5370.48     | 249.00             | 4.43  |
|                                     | PMGSY                                  | 13652.07              | 13652.07    | Nil                | 0   |
|                                     | PMGY                                   | 184.88                | 177.36      | 7.52               | 4.07  |
|                                     | ARWSS (CSS)                            | 975.52                | 966.70      | 8.82               | 0.90  |
|                                     | VWSS (State)                           | 384.44                | 382.70      | 1.74               | 0.45  |
|                                     | NLCPR                                  | 578.98                | 579.98      | -1.00              |   |
|                                     | NABARD                                 | 282.07                | 280.32      | 1.75               | 0.62  |
|                                     | IAY                                    | 455.55                | 381.42      | 74.13              | 16.27   |
|                                     | RHS                                    | 1067.42               | 986.70      | 80.72              | 7.56  |
|                                     | Total Sanitation                       | 183.64                | 173.04      | 10.60              | 5.77  |
| Zilla Panchayat                     | BRGF                                   | 742.90                | 682.42      | 60.48              | 8.14  |
|                                     | 12 <sup>th</sup> Finance<br>Commission | 173.20                | 125.95      | 47.25              | 27.28   |
|                                     | Others                                 | 1312.32               | 849.86      | 462.46             | 35.24   |

| Department   | Scheme                           | Receipt/<br>Provision | Expenditure | Unspent<br>balance | Percentage of<br>non- utilisation<br>of funds |
|--|----------------------------------|-----------------------|-------------|--------------------|---|
| Tourism  | NLCPR&Other<br>CSS               | 6362.59               | 4210.36     | 2152.23            | 33.83   |
| Health Care, Human<br>Services and Family<br>Welfare | NRHM                             | 1062.13               | 947.29      | 114.84             | 10.81   |
| Human Resource<br>Development                        | SSA                              | 2517.44               | 2333.02     | 184.42             | 7.33  |
|  | MDM                              | 761.05                | 761.03      | 0.02               | 0   |
|  | NLCPR                            | 330.34                | 330.35      | -0.01              | -   |
|  | NABARD                           | 302.73                | 302.41      | 0.32               | 0.11  |
|  | NEC                              | 82.02                 | 82.02       | Nil                | -   |
| District Collector                                   | MPLADS                           | 791.72                | 634.43      | 157.29             | 19.87   |
|  | Land Bank Scheme<br>(State Plan) | 158.55                | 146.96      | 11.59              | 7.31  |
| Energy and Power                                     | RGGVY                            | 2564.00               | 1826.30     | 737.70             | 28.77   |
|  | NLCPR                            | 2071.76               | 2086.08     | -14.32             | -   |
|  | NEC                              | 443.91                | 443.85      | 0.06               | 0.01  |
| Roads & Bridges                                      | NLCPR                            | 1647.41               | 1284.97     | 362.44             | 22.00   |
|  | NABARD                           | 1776.23               | 1701.18     | 75.05              | 4.23  |
|  | NEC                              | 4058.81               | 4055.76     | 3.05               | 0.08  |
|  | CRF                              | 30.44                 | 30.43       | 0.01               | 0.03  |
| Water Security &<br>Public Health<br>Engineering     | NEC                              | 792.41                | 775.97      | 16.44              | 2.07  |
|  | ACA                              | 925.77                | 894.58      | 31.19              | 3.37  |
|  | PMGY                             | 10.00                 | 10.00       | Nil                | -   |
| Urban Development &<br>Housing                       | NABARD                           | 593.39                | 593.37      | 0.02               | 0   |
| Irrigation & Flood<br>Control                        | ACA                              | 314.51                | 314.51      | Nil                | -   |
|  | NABARD                           | 235.15                | 205.85      | 29.30              | 12.46   |
|  | Bramhaputra Board                | 737.85                | 724.46      | 13.39              | 1.81  |
|  | AIBP                             | 258.40                | 181.92      | 76.48              | 29.66   |

Source: Departmental figures

The unspent balances ranged between 0 and 35.24 per cent, the highest being ZP followed by Tourism, Irrigation & Flood Control, Energy and Power, Roads & Bridges, Member of Parliament Local Area Development Scheme (MPLADS), IAY, National Rural Health Mission (NRHM), Rural Housing Scheme (RHS), Sarva Shiksha Abhiyan (SSA) and National Rural Employment Generation Scheme (NREGA). Audit analysis of the reasons for unspent balances in case of IAY revealed that the funds could not be utilised in full as the beneficiaries could not complete the construction within the scheduled time and thus could not claim subsequent second instalment. The constitution of various Committees as enshrined under NRHM guidelines for implementation of the schemes in the district and village level was delayed in initial years leading to unspent balances under NRHM. The position, however, showed improvement in the subsequent years.

#### 4.2 Decentralised Financial Planning

The State Government announced (September 2009) its decentralised planning for speedy implementation of schemes / projects through payment of bills of the district at their doorsteps and accordingly delegated following financial powers:

Table-4.2

| Authority                 | Tenders                 |
|---------------------------|-------------------------|
| Gram Panchayat            | Up to ₹ 20 lakh         |
| Block Development Officer | ₹ 20 lakh to ₹ 50 lakh  |
| Sub-Divisional Magistrate | ₹ 50 lakh to ₹ 100 lakh |

It was noticed in audit that decentralisation was only partially successful as the line departments were dependent upon the resources released by their head of the department who in turn were dependent upon FRED for resource allocation. Accordingly, although the powers were vested with the district authorities, bills could not be released without the consent and approval of the head of the departments. This was not only against the intent of the notification but also time consuming and adversely affected the progress of works in the district.

#### 4.3 Conclusion

The total quantum of funds received by the district during the financial year and expenditure there against was not available centrally either with DC or any other district authorities and the unspent balances ranged upto 35.24 *per cent* in case of flagship programmes (NLCPR, IAY, NRHM, NREGA, etc.).

#### 4.4 Recommendation

- *DC may be vested with the authority to exercise control over the receipt of funds and expenditure there against by the various offices of the district through submission of returns to DC on monthly basis.*