

Chapter-4 Financial Management

Objective II: To verify whether the budget estimates were reliable and financial management was adequate and effective.

4.1 Funds through State Budget

Several schemes/programmes were funded by the State Government (State Plan Schemes) and the Central Government (Centrally Sponsored Schemes) through the State Budget. The budget allocation for the Department was made under 'Grant No.52 –Forests, Ecology, Environment and Wildlife'. Budget allocation, expenditure and savings/excess during the period from 2008-09 to 2012-13 was as follows:

Table 4.1: Details of revenue and capital expenditure on Forest etc.

(₹ in crore)

Year	Revenue		Capital		Total			
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure	Savings (-)/ Excess (+)	
2008-09	Plan	6.21	15.69	20.00	15.53	26.21	31.23	5.02
	Non-plan	21.74	20.32	0.00	0.00	21.74	20.32	(-) 1.42
	Total	27.95	36.01	20.00	15.53	47.95	51.55	3.60
2009-10	Plan	8.60	16.73	27.92	0.55	36.52	17.27	(-) 19.25
	Non-plan	26.63	24.76	0.00	0.00	26.63	24.76	(-) 1.87
	Total	35.23	41.49	27.92	0.55	63.15	42.03	(-) 21.12
2010-11	Plan	8.88	23.53	22.32	12.36	31.20	35.88	4.69
	Non-plan	35.28	29.80	0.00	0.00	35.28	29.80	(-) 5.48
	Total	44.16	53.33	22.32	12.36	66.48	65.68	(-) 0.79
2011-12	Plan	3.79	11.02	38.56	24.60	42.35	35.62	(-) 6.73
	Non-plan	39.65	41.23	0.00	0.00	39.65	41.23	1.58
	Total	43.44	52.25	38.56	24.60	82.00	76.85	(-) 5.15
2012-13	Plan	6.00	15.92	25.98	42.00	31.98	57.92	25.94
	Non-plan	44.37	41.99	0.00	0.00	44.37	41.99	(-) 2.38
	Total	50.37	57.91	25.98	42.00	76.35	99.91	23.56
Total	Plan	33.48	82.89	134.78	95.04	168.26	177.92	9.67
	Non-plan	167.67	158.10	0.00	0.00	167.67	158.10	(-) 9.57
Grand total		201.15	240.99	134.78	95.04	335.93	336.02	

(Source: Detailed Appropriation Accounts)

4.2 Direct release of funds

(i) Funds for the National Afforestation Programme (NAP) were released directly by the National Afforestation and Eco-Development Board (NAEB), MoEF to the 20 Forest Development Agencies (FDAs) till 2009-10 for implementation through Joint Forest Management Committees (JFMCs). The State Forest Development Agency (SFDA) was formed during 2009-10 and thereafter funds for the scheme were being routed through the SFDA to the FDAs. Funds were also received during 2011-12 from NAEB for preparatory activities under Green India Mission to be implemented by the SFDA.

The year-wise funds received directly from the NAEB are shown in the table below:

Table 4.2: Details of funds received directly from NAEB

(₹ in crore)

Year	Name of scheme	Amount received
2008-09	National Afforestation Programme	6.66
2009-10	--do--	10.07
2010-11	--do--	10.11
2011-12	--do--	11.69
	Green India Mission	1.42
2012-13	National Afforestation Programme	10.88
Total		50.83

(Source:-Departmental records)

(ii) A total amount of ₹ 2.23 crore was received directly by the Chief Wildlife Warden, Dimapur as financial assistance from the Central Zoo Authority (CZA), MoEF as detailed in the table below:

Table 4.3: Details of funds received directly from Central Zoo Authority

<i>(₹ in crore)</i>		
Year	Purpose	Amount received
2011-12	i) For Zoological Park, Rangapahar, Dimapur	0.92 ¹
	ii) For establishment of Conservation Breeding Centre for Blyth's Tragopan at Old Kohima Zoo.	0.47
2012-13	i) For Zoological Park, Rangapahar, Dimapur	0.33
	ii) For establishment of Conservation Breeding Centre for Blyth's Tragopan at Old Kohima Zoo.	0.51
Total		2.23

(Source:-Departmental records)

The amount was disbursed to the Wildlife Warden, Dimapur (₹ 0.98 crore) and Director, Zoological Park, Rangapahar, Dimapur (₹ 1.25 crore) by the Chief Wildlife Warden, Dimapur for execution of works approved by the CZA.

4.3 Collection of Revenue

The Department collected revenue in the form of forest royalty from sand, stone, timber and other minor forest produces. The position of revenue realisation during 2008-13 is shown in the table below:

Table 4.4: Targets and achievements in collection of forest royalty

<i>(₹ in crore)</i>			
Year	Target	Achievement	Excess (+)/ Shortfall (-)
2008-09	4.50	4.67	0.17
2009-10	4.75	6.97	2.22
2010-11	5.25	6.04	0.79
2011-12	5.50	6.88	1.38
2012-13	NA	4.61	--
Total		29.17	

(Source:-Departmental records)

Targets, if any, fixed for the year 2012-13 could not be furnished by the Department. It can be seen from the table that the achievement in collection of revenue had reduced during 2012-13. Reasons for sharp decline in revenue collection could not be stated by the Department.

4.3.1 Non revision of rates of royalty and licence fees etc.

The Department had not revised the rates of royalty for the last 13 years (last revision made in November 2001). Further, licence fees (registration, renewal) of Saw Mills and Wood based Industries had also not been revised since 2001. Had the Department revised the rates of royalty and licence fees from time to time, the revenue of the State would have substantially increased.

It was also seen that a proposal for revision in the rate of royalty, Registration/Licence fees for new Mills and Wood based Industries along with several steps (Creation of Vigilance Cell to monitor illegal movement of timber, setting up mobile checking units, setting up check gates in interstate boundaries to stop illegal movement of timber) to be taken to enhance

¹ State Share of ₹ 0.14 crore not seen received by Director, Zoological Park.

Forest Revenue was pending with the State Government for approval since 2011. The Finance Department had also circulated (October 2010) measures to enforce deduction of forest royalty by various works divisions engaged in works. However, follow up action, if any, taken by the Forest Department in this regard was not available.

4.4 Financial irregularities

The financial irregularities noticed in audit are discussed in the following paragraphs:

4.4.1 Discrepancy between Cash Book and Bank Account

It was seen during audit that the office of the PCCF as well as all the divisions are operating current accounts in the banks. Funds drawn from the Treasury through Forest Cheques are deposited into the Bank accounts and payments to other divisions/ROs/third parties are made therefrom through cheques.

Scrutiny of bank account statements for the years 2011-12 and 2012-13 furnished by the PCCF and other test-checked divisions revealed the following irregularities:

4.4.1.1 Receipts and payments without recording in Cash Book

Rule 13 of Receipts and Payments Rules provides that all monetary transactions should be entered in Cash Book as soon as they occur. Cross check of Cash Book and bank statements (2011-12 and 2012-13) in the Office of the PCCF and the other test-checked divisions revealed that payments ranging from ₹ 0.63 crore to ₹ 26.47 crore, the purpose of which could not be verified, were made without routing it through the Cash Book. Further, amounts ranging from ₹ 0.11 crore to ₹ 28.65 crore credited in the bank account were also not recorded in the Cash Book as shown in the table below:

Table 4.5: Payments without routing through Cash Book

(₹ in crore)

Sl. No.	Name of Division	Bank debits not recorded in Cash Book	Bank credits not recorded in Cash Book
1.	Principal Chief Conservator of Forests	24.29	21.10
2.	Working Plan Officer, Kohima (2012-13)	1.62	0.00
3.	Silviculture Division, Kohima	2.07	0.11
4.	DFO, Dimapur	0.63	0.28
5.	Wildlife Warden, Dimapur	4.51	1.04
6.	Forest Utilisation Officer, Dimapur	26.47	28.65
7.	DFO, Mon	1.00	1.54
8.	DFO, Mokokchung	1.28	0.77
9.	DFO, Kohima	1.90	1.22
10.	DFO, Peren	2.53	0.60

(Source:-Departmental records)

Payments without routing through Cash Book and credits in bank account not recorded in Cash Book, especially in the Office of the PCCF and the Forest Utilisation Division, indicate unaccounted receipts/payments and needs further investigation. This has also resulted in the amounts remaining out of Government Accounts.

In reply (November 2013), the Department stated that departmental investigation would be conducted and results intimated in due course of time.

4.4.1.2 Discrepancy in closing balances

Cross check of Cash Books and bank statements (2011-12 and 2012-13) of the test checked divisions revealed that the monthly balances in the bank accounts ranged from ₹ 2 to ₹ 1.69 crore though the closing balances in the Cash Books were invariably shown as 'Nil' as detailed in the following table:

Table 4.6: Discrepancy in Closing Balances

Sl. No.	Name of Divisions	Monthly closing balance as per Cash Books	Monthly closing balance as per bank accounts
1.	Working Plan Officer, Kohima (2012-13)	Nil	₹ 88,705 to ₹ 1.69 crore
2.	Silviculture Division, Kohima	Nil	₹ 74 to ₹ 0.33 crore
3.	DFO, Dimapur	Nil	₹ 831 to ₹ 0.40 crore
4.	Wildlife Warden, Dimapur	Nil	₹ 8,677 to ₹ 1.59 crore
5.	Forest Utilisation Officer, Dimapur	Nil	₹ 2,368 to ₹ 1.32 crore
6.	DFO, Mon	Nil	₹ 210 to ₹ 0.92 crore
7.	DFO, Mokokchung	Nil	₹ 2 to ₹ 1.38 crore
8.	DFO, Kohima	Nil	₹ 95,318 to ₹ 0.57 crore

(Source:-Departmental records)

Bank Reconciliation Statement to reconcile the difference could not be furnished though called for.

In reply (November 2013), the Department stated that necessary instructions in this regard had been issued to all the divisions.