

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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2.1 Introduction

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 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 the budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

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 of India is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions of the Government.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2013-14 against Grants/Appropriations (50 Grants and three Appropriations) is indicated in the following table:

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

(₹ in crore)						
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-) /Excess (+)
Voted	I Revenue	6277.87	253.86	6531.73	5266.41	(-) 1265.32
	II Capital	2535.05	277.50	2812.55	1294.91	(-) 1517.64
	III Loans and Advances	4.20	0.86	5.06	0.04	(-) 5.02
Sub-total Voted		8817.12	532.22	9349.34	6561.36	(-) 2787.98
Charged	IV Revenue	443.60	9.14	452.74	459.38	6.64
	V Capital	-	-	-	-	-
	VI Public Debt- Repayment	174.08	-	174.08	534.59	360.51
Sub-total Charged		617.68	9.14	626.82	993.97	367.15
Appropriation to Contingency Fund		-	-	-	-	-
Grand Total		9434.80	541.36	9976.16	7555.33	(-) 2420.83

(Source: Appropriation Accounts)

The overall saving of ₹ 2420.83 crore was the net result of saving of ₹ 2791.34 crore in 50 Grants and two Appropriations under Revenue Section and 29 Grants under Capital Section, offset by excess of ₹ 370.51 crore in one Grant, one Appropriation (Appropriation No. 2: Interest Payment and Debt Services) under Capital Section and one Appropriation (Appropriation No. 2: Interest Payment and Debt Services) under Revenue Section.

Substantial savings occurred in Planning (Revenue voted) (₹ 465.18 crore), Social Welfare (Revenue voted) (₹ 125.44 crore), Irrigation and Flood Control (Capital voted) (₹ 691.06 crore), Municipal Administration, Housing and Urban Development (Capital voted) (₹ 254.53 crore), and Tourism (Capital voted) (₹ 187.93 crore).

Excess expenditure occurred mainly in Appropriation No. 2: Interest Payment and Debt Services, both under Capital Charged (₹ 360.51 crore) and Revenue Charged (₹ 9.39 crore).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit shows that in 59 cases, savings exceeded ₹ one crore in each case or by more than 25 *per cent* of total provision. Details are given in **Appendix 2.1**. It can be seen that no expenditure were incurred in case of 4 Grants¹ under Capital Heads though provisions were made in the budget. There were 20 cases² where Savings were 50 *per cent* and above of the total provision in each case. Against the total savings of ₹ 2791.34 crore, savings of ₹ 2384.55 crore (85 *per cent*) occurred in 16 cases relating to 14 Grants, where savings were ₹ 40 crore and above in each case. Details are indicated in the following table:

¹ Grant No. 1 - State Legislature and Grant No. 2 - Council of Ministers; Grant No. 13 - Labour and Employment; Grant No. 17 - Agriculture (Capital Voted)

² Grants No. 30 (Revenue Voted), Grants No. 1 (Revenue Charged), and Grants No. 1, 2, 5, 7, 9, 12, 13, 16, 17, 18, 25, 37, 39, 40, 42, 44, 45 and 47 (Capital Voted)

Table 2.2: List of Grants with savings of ₹ 40 crore and above

(₹ in crore)

Sl. No	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Saving
Revenue voted						
1	5 – Finance	910.81	0.00	910.81	815.2	95.61
2	7 – Police	905.24	31.85	937.09	883.54	53.55
3	8 – Public Works Department	206.26	0.00	206.26	163.06	43.20
4	10 – Education	816.3	73.77	890.07	830.12	59.95
5	17 – Agriculture	181.9	0	181.9	112.67	69.23
6	19 – Environment and Forest	173.1	0	173.1	118.95	54.15
7	23 – Power	370.63	0	370.63	321.13	49.5
8	30 – Planning	545.65	0	545.65	80.47	465.18
9	44 – Social Welfare Department	263.55	13.13	276.68	151.24	125.44
Sub-total		4373.44	118.75	4492.19	3476.38	1015.81
Capital voted						
10	12 – Municipal Administration, Housing and Urban Development	306	0.00	306.00	51.46	254.54
11	22 – Public Health Engineering	132.79	0.00	132.79	79.94	52.85
12	23 – Power	296.21	0.00	296.21	209.18	87.03
13	39 – Sericulture	65.65	0.00	65.65	15.3	50.35
14	40 – Irrigation and Flood Control Department	814.1	0.00	814.10	123.04	691.06
15	44 – Social Welfare Department	12.15	44.98	57.13	12.15	44.98
16	45 – Tourism	225.14	0.00	225.14	37.21	187.93
Sub-total		1852.04	44.98	1897.02	528.28	1368.74
Total		6225.48	163.73	6389.21	4004.66	2384.55

(Source: Appropriation Accounts)

It is seen from the above table that in 14 cases (excepting Sl. No. 4 and 15) the actual expenditure was less than the original provision in each case. Further, in five cases viz. Planning (₹ 465.18 crore) and Social Welfare (₹ 125.44 crore) under Revenue Voted, Municipal Administration, Housing and Urban Development (₹ 254.54 crore), Irrigation and Flood Control (₹ 691.06 crore) and Tourism (₹ 187.93 crore) under Capital Voted, there was saving of more than ₹ 100 crore in each case.

2.3.2 Persistent savings

In 4 cases, during the last five years there were persistent savings of more than ₹ 50 lakh and above in each case in the following table of sub-heads of accounts:

Table 2.3: List of Sub-Heads of Persistent Savings during 2009-14

(₹ in lakh)

Sl. No.	Heads of Accounts	Amount of savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Voted						
1	2011 – Parliament/State/Union Territory Legislature (NP) 02 – State/Union Territory Legislature 101 – Legislative Assembly 08 – Members	66.96	69.75	179.23	214.45	197.57
2	7610 – Loans to Government Servant etc. (NP) 202- Advance for purchase of motor conveyance 13 – Loans to members	10.00	30.00	30.00	20.00	58.90
3	2013 – Council of Ministers (NP) 101 – Salaries of Ministers & Dy. Ministers 03 – Salaries of Ministers & Dy. Ministers	8.32	25.71	24.11	18.69	22.15
4	2013 – Council of Ministers (NP) 108 – Tour Expenses 04 – Tour Expenses	24.66	25.41	18.58	24.45	29.47
5	7610 – Loans to Government Servant etc. (NP) 201 – House Building Advances 05 – Loans to Ministers	40.00	40.00	40.00	40.00	40.00
6	7610 – Loans to Government Servant etc. (NP) 202- Advance for purchase of motor conveyance 05 – Loans to Ministers	40.00	40.00	40.00	30.00	40.00
7	2029 – Land Revenue (NP) 103 – Land Records 02 – Bishnupur District	24.42	16.70	18.05	73.33	54.22
8	2029 – Land Revenue (NP) 103 – Land Records 10 – Imphal West District	26.65	47.80	47.55	41.92	7.21
9	2053 –District Administration (NP) 094 – Other Establishment-Sub Divisional Establishment 31 – Ukhrul Sub-Divisions	55.58	5.94	46.10	45.14	53.87
10	7610 – Loans to Government Servant etc. (NP) 201 – House Building Advances 21 – Loans to All India Service Officers	17.50	13.75	17.50	25.00	23.20
11	2055 –Police (NP) 109 – District Police 16 – Chandel District	157.61	76.85	255.58	888.64	46.05
12	2235 – Social Security & Welfare (NP) 01 – Rehabilitation 200 – Other Relief Measures 35 – Victims of Extremist Action	29.00	39.57	20.50	45.00	46.00

13	2059 – Public Works (NP) 60 – Other Buildings 053 – Maintenance & Repairs 09 – Functional Building	1018.31	447.73	648.85	674.58	616.97
14	2216 – Housing (NP) 80 - General 800 – Other Expenditure 10 – Furnishing of Residential Quarters	18.42	18.42	20.42	20.42	22.00
15	3054 – Roads & Bridges (NP) 02 – Strategic Border Roads 337 – Road Works 27 – Work executed by BRTF	5.00	5.00	5.00	5.00	6.00
16	3054 – Roads & Bridges (NP) 04 – District & Other Roads 337 – Road Works 19 – Other District Roads	349.82	517.01	13.86	138.90	152.93
17	2216 – Housing (NP) 80 – General 001 – Direction and Administration 22 – Raj Bhavan	46.84	65.18	53.99	14.97	16.19
18	5054 – Capital Outlay on Roads and Bridges (NP) 01 – National Highways 337 – Road Works 16 – National Highway No. 39	500.00	500.00	500.00	500.00	550.00
19	4216 – Capital Outlay on Housing (P) 01 – Government Residential Buildings 106 – General Pool Accommodation 08 (V) – Building at District and Sib-Divisions	206.21	25.32	144.64	122.29	81.49
20	2217 – Urban Development (NP) 01 – State Capital Development 800 – Other Expenditure 03 – Duties on Transfer of property	6.00	6.00	6.00	6.00	6.00
21	4801 – Capital Outlay on Power Projects (CSS) 05 – Transmission & Distribution 800 – Other Expenditure 20 – Rajiv Gandhi Grameen Vidyutikaran	594.36	5166.31	195.46	582.91	2000.00
22	2014 – Administration and Justice (NP) 105 – Civil and Session Courts 03 – Criminal Courts (East)	26.11	17.69	19.89	35.33	10.47
23	4702 – Capital Outlay on Minor Irrigation (P) 101 – Surface Water 05 – Pick up weir, Low Head Barrage, percolation tank	6.82	57.69	60.00	35.00	30.00
24	4702 – Capital Outlay on Minor Irrigation (P) 101 – Surface Water 06 – River Lift Irrigation Projects	80.00	80.00	50.00	10.00	15.00
25	2070 – Other Administrative Services (NP) 003 - Training 01 – State Academy of Training	9.27	6.57	0.14	32.12	40.48

* V-Valley, NP-Non-plan, P- Plan and CSS- Centrally Sponsored Schemes

(Source: Records of Voucher Level Computerisation of the Office of the Accountant General (A&E))

Out of these, persistent savings in respect of one case³ was more than ₹ five crore during the period 2009-14.

2.3.3 Expenditure without provision

Expenditure should not be incurred on a scheme/service without provision of funds. Audit noticed that expenditure of ₹ 81.48 crore was incurred in 10 cases (**Appendix: 2.2**) without any provision of funds in the original estimates/supplementary demand. Out of expenditure of ₹ 81.48 crore without provision, ₹ 60 crore (73.64 per cent) was incurred by Planning Department under Special Plan Assistance (Valley) under Planning (State Plan)⁴.

2.3.4 Drawal of funds at the fag end of the financial year

As per provisions of Rule 290 of Central Treasury Rules, no money shall be drawn from the Treasury unless it is required for immediate disbursement. Audit noticed that in respect of the cases mentioned in **Appendix: 2.3**, ₹ 261.81 crore drawn at the fag end of the year during March 2014 were deposited into the head of account “8449-Other Deposits” and the amount remained parked in this accounts at close of 2013-14.

2.3.5 Non-regularization of excess expenditure of ₹ 693.22 crore made during previous years

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 regularization of expenditure has been prescribed under the Article, regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). The excess over provisions of ₹ 151.80 crore relating to the periods 2010-12 had been recommended (July 2014) by the PAC for regularization in its 39th Report. However, action for the regularization of the excess expenditure is yet to be initiated (October 2014) by the State Government. Excess expenditure amounting to ₹ 541.42 crore for the year 2012-13 was yet to be examined (October 2014) by the PAC. The detail of excess expenditure during 2010-13 is shown at **Appendix: 2.4**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in the following table:

³ (1) National Highway No. 39 (Sl. No.18)

⁴ Sl. No. 7 of Appendix 2.2, under Grant No. 30

Table 2.4: Excess over provisions relating to previous years requiring regularization

(₹ in crore)

Year	No. of Grants	No. of Appropriation	Amount of excess	Status of Regularization (as of October 2014)
2010-11	6	1	62.42	Recommended for regularization vide 39 th PAC Report. Receipt of Act for regularization of excess payment awaited from Finance Department.
2011-12	12	2	89.38	-do-
2012-13	2	2	541.42	Excess expenditure yet to be discussed by PAC
Total:	20	5	693.22	

(Source: Appropriation Accounts)

2.3.6 Excess expenditure incurred during 2013-14

The following table contains the summary of total excess over provisions in 2 cases amounting to ₹ 369.90 crore from the Consolidated Fund of the State during 2013-14 and requires regularization under Article 205 of the Constitution. The excess expenditure incurred during 2013-14 is shown below:

Table 2.5: Excess over provisions during 2013-14 requiring regularization

(in ₹)

Sl. No.	Number and title of Grant/Appropriation	Total provision	Expenditure	Excess
Revenue Charged				
1	Appropriation No. 2 - Interest Payment & Debt Services	435,53,28,000	444,92,07,850	9,38,79,850
Sub Total		435,53,28,000	444,92,07,850	9,38,79,850
Capital Charged				
2	Appropriation No. 2 – Interest Payment & Debt Services	174,07,76,000	534,58,76,248	360,51,00,248
Sub Total		174,07,76,000	534,58,76,248	360,51,00,248
Total		609,61,04,000	979,50,84,098	369,89,80,098

(Source: Appropriation Accounts)

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating to ₹ 155.50 crore in 17 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision. Out of these, in four cases unnecessary supplementary provisions provided exceeded ₹ 10 crore viz., Police (₹ 31.85 crore), Tribal Affairs and Hills Department (₹ 26.86 crore), Social Welfare Department (₹ 13.13 crore), under Revenue account and Social Welfare Department (₹ 44.98 crore) under Capital account. The details are given in the following table:

Table 2.6: Statement showing unnecessary supplementary provision

(₹ in lakh)

Sl. No.	Number and name of Grant/Appropriation	Original provision	Expenditure	Savings out of Original Provision	Supplementary
Revenue voted					
1	2 - Council of Ministers	521.73	498.24	23.49	23.14
2	3 - Secretariat	6519.85	5587.41	932.44	88.87
3	4 - Land Revenue, Stamps & Registration and District Administration	6481.07	5996.97	484.10	353.37
4	7 - Police	90523.88	88353.71	2170.17	3185.01
5	12 - Municipal Administration, Housing and Urban Development	5719.24	4806.15	913.09	727.93
6	14 - Tribal Affairs and Hills Department	41937.56	41083.70	853.86	2686.49
7	15 - Consumer Affairs, Food and Public Distribution	1824.89	1714.05	110.84	455.62
8	16 - Co-operation	1564.00	1559.58	4.42	14.58
9	18 - Animal Husbandry and Veterinary including Dairy Farming	7919.61	6088.10	1831.51	876.85
10	24 - Vigilance Department	261.67	241.58	20.09	0.30
11	26 - Administration of Justice	2158.36	1709.52	448.84	56.73
12	38 - Panchayat	6132.63	4304.26	1828.37	10.29
13	44 - Social Welfare Department	26354.73	15123.60	11231.13	1312.90
14	47 - Minorities, Other Backward Classes and Scheduled Castes Department	3186.51	2501.56	684.95	216.82
Capital voted					
15	7 - Police	3675.00	1882.00	1793.00	882.00
16	41 - Art and Culture	450.00	411.00	39.00	161.00
17	44 - Social Welfare Department	1215.01	1215.00	0.01	4498.19
Total		206445.74	183076.43	23369.31	15550.09

(Source: Appropriation Accounts)

In one case, supplementary provision of ₹ 8.20 crore was insufficient and there was an aggregate excess expenditure of ₹ 9.39 crore. Details are given in the following table:

Table 2.7: Statement showing major cases of insufficient supplementary provision*(₹ in lakh)*

Sl. No.	Number and Title of Grant and Appropriation	Original	Supple-mentary	Total	Expendi-ture	Excess
Revenue Charged						
1	Appropriation 2 – Interest Payment and Debt Services	42733.29	819.99	43553.28	44492.08	938.80
Total		42733.29	819.99	43553.28	44492.08	938.80

(Source: Appropriation Accounts)

2.3.8 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. Injudicious re-appropriation proved insufficient by ₹ one crore or more in each case and resulted in excess of expenditure of ₹ 178.21 crore in 35 sub-heads (Sl. Nos. 106 to 140 of Appendix 2.5). Injudicious re-appropriation also proved excessive by ₹ one crore or above in 105 sub-heads (Nos. 1 to 105 of Appendix 2.5) resulting in savings of ₹ 1287.33 crore. This resulted in overall savings of ₹ 1109.12 crore in these 140 sub-heads as detailed in **Appendix-2.5**.

Despite re-appropriation, there were savings of more than ₹ 100 crore three cases involving three departments *viz.*, Planning Department (₹ 300 crore under 3451.0.92.26 (Valley) at Sl. No. 85, Irrigation and Flood Control Department ₹ 202.97 crore under 4700.3.51.11 (Valley) at Sl. No. 92), and Tourism Department (₹ 187.92 crore under 5452.1.101.3 (Valley) at Sl. No. 100). On the excess side, there were two cases in which excess of expenditure exceeded more than ₹ 20 crore *viz.*, Grant No. 5 – Finance Department (₹ 22.45 crore under 2071.1.105.9(NP) of Sl. No. 107 and Grant No. 36 – Minor Irrigation (₹ 22.75 crore under 4702.0.101.5(V) at Sl. No. 139)

2.3.9 Substantial surrenders

Substantial surrenders exceeding ₹ 10 crore in each case were made in respect of 17 sub-heads. The details are given in **Appendix-2.6**. In one case/scheme/programme under Sericulture Department, the whole provision amounting to ₹ 50 crore was surrendered. Surrender of 100 *per cent* of fund involving ₹ 50 crore is a matter of concern and indicates that fund provisions had been made without adequate planning and due consideration of requirements.

2.3.10 Surrenders in excess of actual saving

In one case, the amount surrendered was in excess of actual savings (Revenue Voted) indicating lack of, or inadequate budgetary control in the department.

Against savings of ₹ 21.54 lakh, the surrendered amount was ₹ 22.34 lakh resulting in excess surrender of ₹ 0.80 lakh as shown in the following table:

Table 2.8: Case of surrender in excess of savings

(₹ in lakh)

Sl. No.	Grant No.	Total provision	Expenditure	Saving	Surrender	Amount surrendered in excess
1	Grant No. 33: Home Guards	1068.55	1047.01	21.54	22.34	0.80
Total		1068.55	1047.01	21.54	22.34	0.80

(Source: Appropriation Accounts)

2.3.11 Anticipated savings not surrendered

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 2013-14, there were, however, 37 Grants/Appropriations (51 cases) in which savings occurred, but no part of which had been surrendered by the concerned Departments. The amount involved in these cases was ₹ 683.70 crore (28 per cent of the overall savings of ₹ 2420.83 crore) (**Appendix: 2.7**). It is observed that in two cases, savings exceeded ₹ 100 crore but no part of which was surrendered viz., Social Welfare Department (₹ 125.44 crore – Sl. No. 28 of the **Appendix: 2.7**) and Tourism (₹ 187.93 crore: Sl. No. 51 of the **Appendix: 2.7**).

Similarly, out of savings of ₹ 2727.27 crore under 35 Grants/Appropriations (46 cases) where saving was ₹ one crore and above in each case, only ₹ 1112.87 crore pertaining to twenty three Grants⁵ could be surrendered leaving a balance savings of ₹ 1614.40 crore (59 per cent). Details are given in **Appendix: 2.8**.

Besides, in 29 Grants (36 cases), ₹ 1167.67 crore were surrendered on 31 March 2014 (**Appendix: 2.9**) indicating inadequate financial control and the fact that these funds could not be utilized for the purpose it was sanctioned or for other development purposes.

2.3.12 Rush of expenditure

As per Rule 56 (3) of the General Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. In contravention to this, in respect of 20 Major Heads of accounts as listed in **Appendix: 2.10**, expenditure more than ₹ 10 crore and 25 per cent of the total expenditure for the year was incurred in March 2014. Of these, in 6 cases involving ₹ 140.77 crore⁶, the whole expenditure was incurred in March, indicating that there was

⁵ Grants Nos. 1,5,6,8,17,19,20,21,23,30,32,36,41,48,49 and 50 under Revenue Voted, Grant No. 26 under Revenue Charged and Grant Nos. 12,17,22,23,25,30,36,37,40 and 47 under Capital Voted.

⁶ Sl. Nos. 1,6, 16, 17, 19 and 21 of Appendix 2.10

no control over the flow of expenditure. The irregularities in the pace of expenditure indicated lack of financial control.

2.4 Non-reconciliation of Departmental figures

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

As per Central Treasury Rules⁷, Abstract Contingent (AC) bills must be regularized 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.

The total amount of DCC bills received during the period 2003-14 was ₹ 1933.98 crore against the amount of AC bills of ₹ 2916.00 crore leading to an outstanding balance of DCC bills of ₹ 982.02 crore as on September 2014. Year wise details are given in the following table:

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills as on September 2014

(₹ in crore)

Year	Amount of AC bills	Amount of DCC bills submitted	Outstanding DCC bills	Outstanding DCC bills as percentage of AC bills drawn
2003-04	34.56	13.78	20.78	60.13
2004-05	82.53	77.65	4.88	5.91
2005-06	46.01	39.28	6.73	14.63
2006-07	149.68	107.40	42.28	28.25
2007-08	355.57	268.82	86.75	24.40
2008-09	592.34	540.72	51.62	8.71
2009-10	422.83	338.75	84.08	19.89
2010-11	354.36	182.03	172.33	48.63
2011-12	374.63*	193.27	181.36	48.41
2012-13	205.81	132.06	73.75	35.83
2013-14	297.68	40.22	257.46	86.49
Total:	2916.00	1933.98	982.02	50.78

(Source: - Voucher Level Computerization data compiled by the Office of the AG (A&E), Manipur)

* The difference between this year's figure and last year's figure is due to re-conciliation, as initiated by the A&E office.

Department-wise pending DCC bills for the years up to 2013-14 is detailed in **Appendix-2.11**. Non-adjustment of advances for long periods is fraught with

⁷ Rule 308, Rule 309 & Note 4 under Rule 312

the risk of mis-appropriation and therefore, requires close monitoring by the respective DDOs. Thus, there is a need of early reconciliation of AC bills.

An analysis of pending AC bills in respect of Industries Department showed that 20 AC bills amounting to ₹ 14.62 crore was pending regularization as follows:-

Table 2.10: Pendency of DCC bills in respect of Industries Department as on September 2014

(₹ in crore)

Year	Number of Vouchers	Amount	Reasons for which AC bills were drawn
2009-10	1	0.16	Not intimated by the Department
2010-11	10	6.46	Not intimated by the Department
2011-12	5	3.00	Not intimated by the Department
2012-13	2	0.30	Not intimated by the Department
2013-14	2	4.70	Not intimated by the Department
Total	20	14.62	

As can be seen from the above table, out of pending DCC bills of 20 vouchers of ₹ 14.62 crore during 2009-14, maximum number of pending AC bills pertained to 2010-11 involving 10 vouchers (50 *per cent*) of ₹ 6.46 crore (44.19 *per cent*). As the most of the AC bills are outstanding for a long time, efforts may be made for clearance of AC bills on priority basis.

2.4.2 Un-reconciled expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, expenditure recorded in their books should be reconciled every month during the financial year with that recorded in the books of the Accountant General (A&E), Manipur. 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 2013-14 also. Out of 81 controlling officers (CO), 46 COs could not reconcile any of their accounts with the Office of the Accountant General (A & E), Manipur. As such, effective control over expenditure, and accuracy of accounts of these offices could not be ensured. Details are given in **Appendix-2.12**.

2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts is created for parking of funds by debit to the Consolidated Fund of the State which are required to be closed at the end of the same financial year by minus debit to the relevant service heads. However, there were six PD accounts existing at the beginning of the year 2013-14 viz., Planning and Development Authority, Government Oil Depot, Manipur State Lotteries, Apex Housing Co-operative Society, Consumer Affairs and Public Distribution and Procurement and Sale of Urea, which was not closed in the

previous year (2012-13). Out of these six PD accounts, only two accounts viz. Government Oil Depot and Procurement and Sale of Urea were re-opened in two District Treasuries⁸ with the approval of Accountant General (A & E), Manipur during 2013-14.

At the close of 31 March 2014, there were four PD accounts viz. Planning and Development Authority, Manipur State Lotteries, Apex Housing Co-operative Society, Consumer Affairs and Public Distribution which had not been closed. These accounts had a closing balance of ₹ 62.24 crore, which was not transferred back to the respective service heads. Of these four, one account viz. Manipur State Lotteries have been inoperative for more than one year.

2.6 Outcome of review of selected grants

A review on budgetary procedure and control over expenditure was conducted (October 2014) in respect of “Grant No. 40: Irrigation and Flood Control Department”. It was noticed that against a budget provision of ₹ 56.76 crore under revenue head, the actual expenditure was ₹ 52.84 crore resulting in saving of ₹ 3.91 crore. Under capital head, against a budget provision of ₹ 814.10 crore, the actual expenditure was ₹ 123.04 crore resulting in saving of ₹ 691.06 crore, of which an amount of ₹ 445.84 crore was surrendered.

The cases of expenditure without budget provision (one case), Excess/Unnecessary/Insufficient re-appropriation of funds (3 cases) and substantial surrender exceeding ₹ 10 crore (4 cases) noticed during the review are detailed below:

Expenditure without budget provision In one case, an expenditure of ₹ 91.88 lakh was incurred without budget provision. The detail is given in the following table:

Table 2.11: Expenditure without provision

		(₹ in lakh)
Sl. No.	Head of accounts	Expenditure
1	2700(NP)-Major Irrigation 80-General 800-Other Expenditure 05-Irrigation Projects	91.88

NP- Non-Plan

(Source: Detailed Appropriation Accounts)

Excessive/unnecessary re-appropriation/surrender of funds There were three cases of inadequate/unnecessary re-appropriation/surrender of funds of ₹ 1.00 crore and above which resulted in a total savings of ₹ 241.10 crore. Details are as shown in the following table:

⁸ Government Oil Depot in Imphal West treasury and Procurement and Sale of Urea fertilizer (Agri) in Imphal East Treasury.

Table 2.12: Excess/Unnecessary/Insufficient re-appropriation of funds (Savings (-)/Excess (+))

(₹ in lakh)

Sl. No.	Head of Account	Original	Supplementary	Re-appropriation/surrender	Total	Expenditure	Savings
1	2	3	4	5	6	7	8
1	4700 - (SP).03.051.11 (V)	51300	0.00	-29550	21750	1452.31	20297.69
2	4700 - (SP).04.051.12 (H)	8000	0.00	-5149	2851	248.39	2602.61
3	4711 - (SP).01.103.03 (V)	15900	0.00	-5192	10708	9498.72	1209.28
Total		75200	0.00	-39891	35309	11199.42	24109.58

SP – State Plan, H – Hills and V – Valley

(Source: Detailed Appropriation Accounts)

In one case, there was savings of above ₹ 200 crore (Sl. No.1) though re-appropriation of ₹ 17.67 crore and surrender of ₹ 277.83 crore was made. In view of the saving of ₹ 202.98 crore, the surrender and re-appropriation of funds proved inadequate.

Substantial surrender of funds There were four cases of substantial surrender of funds exceeding ₹ 10 crore during 2013-14 as shown in the following table.

Table 2.13: Substantial surrender (exceeding ₹ 10 crore) during 2013-14

(₹ in crore)

Sl. No.	Name of Grant	Head of Account	Total Provision	Amount Surrendered	Percentage of Surrender
1	40- Irrigation and Flood Control Department	4700- Capital Outlay on Major Irrigation 3- Thoubal Irrigation Project 51- Construction 11- Thoubal River Irrigation Project	513.00	277.83	54.16
2	40- Irrigation and Flood Control Department	4700- Capital Outlay on Major Irrigation 4- Dolaithabi River Irrigation Project 51- Construction 12- Dolaithabi River Irrigation Project	87.00	51.49	59.18
3	40- Irrigation and Flood Control Department	4700- Capital Outlay on Major Irrigation 80- General 800- Other Expenditure 14- Ethai River Multipurpose Project	47.60	42.80	89.92
4	40- Irrigation and Flood Control Department	4711- Capital Outlay on Flood Control Projects 1- Flood Control 103- Civil Works 03- Civil Works	159.00	73.72	46.36
Total			806.60	445.84	249.62

As seen from table above, in one case (Sl. No. 3), the amount surrendered accounted for 90 *per cent* of the total provisions which is indicative of poor financial management.

2.7 Errors in budgeting process

The following deficiencies were observed in the State budget for the year 2013-14:

Incorrect heads of accounts: There were 24⁹ heads of accounts in the budget which did not conform with the list of Major and Minor Heads of Accounts. Of which, 2 cases belonged to Major Head, and 1 case belonged to Sub-Major Heads and 21 cases belonged to Minor Heads. As the expenditures were booked in heads of Accounts not conforming to list of Major and Minor Heads of Accounts, the codes reflected in the budget were incorrect. The details are given in **Appendix 2.13**.

Error in respect of heads of Grants-in-aid: In 22 cases, the detailed head of accounts were not indicated. In three cases, the sub schemes were wrongly indicated under Sub head of accounts instead of Detailed head. In 10 cases schemes under which Grants-in-aid were given had not been specified in the Sub head of accounts.

2.8 Outcome of inspection of Treasuries

The following shortcomings were observed in the State Treasuries conducted during 2013-14:

Excess payment of pension/gratuity: During the audit of two treasuries *viz.* Ukhrul treasury (period of accounts: November 2012 to October 2013) and Tamenglong treasury (period of accounts: July 2012 to June 2013), excess payment of ₹ 4.34 lakh on account of pension/gratuity was noticed during the relevant period of audit. Action taken to address these excess payments has not been intimated (October 2014). In Ukhrul District, the overpayment of pension was made in three cases¹⁰ involving ₹ 4.13 lakh.

Lapsed Deposit under Major Head ‘8449–Other Deposits’: During the period 2013-14, under Lamphel Treasury, there was lapsed deposit of ₹ 149.13 crore under Major Head ‘8449 – Other Deposits’. Details of these are given in **Appendix 2.14**.

⁹ Under Grants No. 7 and 8
4059 – Capital Outlay on Public Works (Plan)
01 – Office Building

101 – Construction of General Pool Accommodation
¹⁰ PPO/SM/27527, PPO/SM/30296 and PPO No. 111300951

2.9 Conclusion and recommendations

Conclusions

During 2013-14, an expenditure of ₹ 7555.33 crore was incurred against a total budget provision of ₹ 9976.16 crore resulting in overall saving of ₹ 2420.83 crore. The overall savings was the net result of saving of ₹ 2791.34 crore offset by excess of ₹ 370.51 crore. The excess requires regularization under Article 205 of the Constitution of India. Excess expenditure (₹ 151.80 crore) for the period 2010-12 had been recommended for regularization by Public Accounts Committee (PAC). However, the excess expenditure (₹ 541.42 crore) for the period 2012-13 was yet to be discussed by the PAC. **(paras 2.2 and 2.3.5)**

Supplementary provision aggregating to ₹ 155.50 crore in 17 cases during the year proved unnecessary as the expenditure did not come up to the level of original provision. In four cases, unnecessary supplementary provision provided exceeded ₹ 10 crore in each case. In one case, supplementary provision of ₹ 8.20 crore was insufficient, and there was an aggregate excess expenditure of ₹ 9.39 crore. **(para 2.3.7)**

In 35 sub-heads re-appropriation proved insufficient by ₹ one crore or more resulting in excess expenditure of ₹ 178.21 crore while in 105 sub-heads re-appropriation proved excessive by ₹ one crore or more thereby resulting in savings of ₹ 1287.33 crore. Substantial surrenders exceeding ₹ 10 crore in each case were made in 17 sub-heads. In one case, the whole provision of ₹ 50 crore was surrendered indicating lack of adequate planning. **(paras 2.3.8 and 2.3.9)**

Recommendations

The Government may consider to:

- *ensure timely regularization of excess expenditure which is pending regularization, as required under Article 205 of the Constitution of India,*
- *strengthen budgetary control to avoid cases of expenditure without provision, unnecessary/ excessive/ inadequate supplementary provision, and unnecessary re-appropriation of funds etc., and*
- *put in place a mechanism in the Departments to adjust the arrears drawn on AC bills within a reasonable time frame within the same financial year.*