

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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 contains the list of original budget estimates, supplementary grants, surrenders and re-appropriations distinctly indicating 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 is 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 2015-16 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 (+)	Amount surrendered (Amount Surrendered on 31 March)	Percentage of savings surrendered by 31 March
(1)	(2)	(3)	(4)	(5)	(6) (4-5)	(7)	(8)
Voted							
Revenue	7551.71	523.90	8075.61	6874.73	(-)1200.88	300.43 (300.43)	25.02
Capital	1280.79	419.81	1700.60	1237.87	(-) 462.73	29.77 (29.77)	6.43
Loans and Advances	3.60	0.00	3.60	1.60	(-) 2.00	0 (0)	0
Sub-total Voted	8836.10	943.71	9779.81	8114.20	(-)1665.61	330.20 (330.20)	19.82
Charged							
Revenue	486.56	2.43	488.99	537.88	(+) 48.89	0 (0)	0
Capital	0	0	0	0	0	0 (0)	0
Public Debt- Repayment	405.95	0	405.95	446.08	(+) 40.13	62.56 (62.56)	0
Sub-total Charged	892.51	2.43	894.94	983.96	(+) 89.02	62.56 (62.56)	0
Appropriation to Contingency Fund	0	0	0	0	0	0	0
Grand Total	9728.61	946.14	10674.75	9098.16	1576.59	392.76 (392.76)	19.82

(Source: Appropriation Accounts)

During 2015-16, an expenditure of ₹ 9098.16 crore was incurred against a total budget provision of ₹ 10674.75 crore resulting in overall saving of ₹ 1576.59 crore. The overall saving of ₹ 1576.59 crore was the net result of saving of ₹ 1720.19 crore in 47 Grants and two Appropriations under Revenue section and 28 Grants under Capital section, offset by an excess of ₹ 143.60 crore in five Grants and one Appropriations under Revenue section and four Grants and one Appropriation under Capital section.

Substantial savings occurred in Education (Revenue voted – ₹ 253.69 crore) (Grant no. 10), Planning (Revenue voted - ₹ 293.56 crore) (Grant no. 30), Public Works Department (Capital voted - ₹ 125.00 crore) (Grant no. 8) and Irrigation and Flood Control Department (Capital voted - ₹ 129.79 crore) (Grant no. 40).

Excess expenditure occurred mainly in Interest Payment and Debt Services (Revenue Charged - ₹ 52.39 crore & Capital Charged - ₹ 40.13 crore) (Appropriation No. 2) and Relief and Disaster Management (Revenue Voted - ₹ 25.50 crore) (Grant no. 48).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of appropriation audit shows that in 58 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**. There were 10 cases¹ where Savings were 50 per cent and above of the total provision in each case. Out of these 100 per cent savings occurred in 4 Grants² under Capital voted. Against the total savings of ₹ 1665.61 crore, savings of ₹ 1196.79 crore (72 per cent) occurred in 9 cases relating to 8 Grants, where savings were ₹ 50 crore and above in each case. Details are indicated in the following table:

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

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Saving
Revenue Voted						
1	7. Police	1047.06	55.99	1103.05	1029.98	73.07
2	8. Public Works Department	207.72	6.29	214.01	140.14	73.87
3	10. Education	1174.34	85.52	1259.86	1006.17	253.69
4	19. Environment and Forest	184.98	0	184.98	122.34	62.64
5	20. Community and Rural Development	679.30	44.90	724.20	672.20	52
6	30. Planning	362.66	0	362.66	69.10	293.56
7	44. Social Welfare Department	273.79	38.55	312.34	179.16	133.18
	Sub Total	3929.85	231.25	4161.10	3219.09	942.01
Capital Voted						
8	8. Public Works Department	432.27	141.92	574.19	449.19	125.00
9	40. Irrigation and Flood Control Department	215.81	22.51	238.32	108.53	129.79
	Sub Total	648.08	164.43	812.51	557.72	254.79
	Total	4577.93	395.68	4973.61	3776.81	1196.80

(Source: Appropriation Accounts)

It is seen from the above table that except under Public Works Department (Sl. No. 8) the actual expenditure was less than the original provision in each case. Further, in five cases viz. Education (₹ 253.69 crore); Planning (₹ 293.56 crore) and Social Welfare Department (₹ 133.18 crore) under Revenue Voted, Public Works Department (₹ 125.00 crore), and Irrigation and Flood Control Department (₹ 129.79 crore) under Capital Voted, there was savings of more than ₹ 100 crore in each case.

¹ Grants No.30 (Revenue Voted), and Grants No. 2, 5, 9, 13, 15, 17, 30, 40 and 49(Capital Voted)

² Grant No. 2 – Council Of Ministers (Sl. No. 39), Grant No. 5 – Finance Department (Sl. No. 40), Grant No.15 - Consumers Affairs, Food and Public Distribution (Sl. No. 47) and Grant No.17 – Agriculture (Sl. No. 50) under Capital Voted.

2.3.2 Expenditure without provision

Expenditure should not be incurred on a scheme/service without provision of funds. Audit noticed that expenditure of ₹ 61.82 crore was incurred in 20 cases (**Appendix 2.2**) without any provision of funds in the original estimates/supplementary demand. Out of expenditure of ₹ 61.82 crore without provision, ₹ 29.27 crore (47 per cent) was incurred by Education Department under Central Plan Schemes³ as Capital expenditure. Expenditure without budgetary provision tantamount to expenditure without legitimate sanction and is a serious breach of Legislative power.

2.3.3 Persistent savings

There were 17 cases where persistent savings had occurred during the last five years *i.e.* 2011-12 to 2015-16. Of these, 11 cases pertained to Revenue Voted accounts and the remaining 6 cases under Capital Voted accounts. The details are given **Appendix 2.3**. In 3 cases⁴, during the last five years (2011-16) there were persistent savings of more than ₹50 lakh and above in each case. Out of these, persistent savings in respect of one case⁵ was more than two crore during the period 2011-16. Persistent savings occurring year after year is indicative of the fact that proper analysis was not done while framing the estimates.

2.3.4 Drawal of funds at the 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 26 cases mentioned in **Appendix 2.4**, ₹ 103.61 crore drawn at the end of the year during March 2016 were deposited into the head of account “8449-Other Deposits” and the amount remained in this accounts at close of 2015-16.

2.3.5 Non-regularization of excess expenditure 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 2016) by the State Government. Excess expenditure amounting to ₹ 2907.80 crore for the years 2012-13, 2013-14 and 2014-15 were yet to be examined (October

³ Sl. No. 3 of Appendix 2.2, under Grant No. 10

⁴ Sl. No. 1, 5 and 8 of Appendix 2.3

⁵ Functional building (Sl. No.5)

2016) by the PAC. The details of excess expenditure during 2010-15 is shown in **Appendix 2.5**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in the following table:

Table 2.3: 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 2016)
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
2013-14	0	2	369.90	-do-
2014-15	1	1	1996.48	-do-
Total:	21	8	3059.60	

(Source: Appropriation Accounts)

2.3.6 Excess expenditure incurred during 2015-16

The following table contains the summary of total excess over provisions in 11 cases amounting to ₹ 143.60 crore from the Consolidated Fund of the State during 2015-16 and requires regularization under Article 205 of the Constitution. The excess expenditure incurred during 2015-16 is shown in the following table:

Table 2.4: Excess over provisions during 2015-16 requiring regularization

(in ₹)

Sl. No.	Number and title of Grant/Appropriation	Total provision	Expenditure	Excess
Revenue Voted				
1	5. Finance Department	10609757000	10618690000	8933000
2	12. Municipal Administration, Housing and Urban Development	621728000	657127000	35399000
3	38. Panchayat	614565000	622520000	7955000
4	48. Relief and Disaster Management	254774000	509785000	255011000
Sub Total		12,10,08,24,000	12,40,81,22,000	30,72,98,000
Capital Voted				
5	14. Department of Tribal Affairs, Hills and Scheduled Caste Development	134542000	156160000	21618000
6	18. Animal Husbandry and Veterinary including Dairy Farming	13100000	43015000	29915000
7	21. Commerce and Industries	20150000	137705000	117555000
8	43. Horticulture and Soil Conservation	12800000	47072000	34272000
Sub Total		18,05,92,000	38,39,52,000	20,33,60,000
Revenue Charged				
9	Appropriation No. 2 - Interest Payment & Debt Services	4638362000	5162297000	523935000
10	5. Finance Department	1001000	1050000	49000
Sub Total		4,63,93,63,000	5,16,33,47,000	52,39,84,000
Capital Charged				
11	Appropriation No. 2 - Interest Payment & Debt Services	4059488000	4460827000	401339000
Sub Total		4,05,94,88,000	4,46,08,27,000	40,13,39,000
Total		20,98,02,67,000	22,41,62,48,000	1,43,59,81,000

(Source: Appropriation Accounts)

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating to ₹ 4972.35 crore in 27 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision. Out of these, in six cases unnecessary supplementary provisions provided exceeded ₹ 20 crore viz., Police (₹ 55.99 crore), Education (₹ 85.52 crore), Community and Rural Development (₹ 44.90 crore), Social Welfare Department (₹ 38.55 crore) under Revenue Voted and Agriculture (₹ 22.57 crore), and Irrigation and Flood Control Department (₹ 22.51 crore) and under Capital Voted. The details are given in the following table.

Table 2.5: Statement showing unnecessary supplementary provision

(₹ in lakh)

Sl. No.	Number and name of Grant/Appropriation	Original provision	Expenditure	Savings out of Original	Supplementary
(1)	(2)	(3)	(4)	(5)(3-4)	(6)
Revenue Voted					
1	2. Council Of Ministers	591.66	450.02	141.64	11.77
2	7. Police	104705.80	102998.12	1707.68	5599.27
3	8. Public Works Department	20772.53	14014.56	6757.97	628.75
4	10. Education	117434.67	100617.06	16817.61	8551.72
5	11. Medical, Health and Family Welfare Services	46350.16	44292.46	2057.70	1842.27
6	13. Labour and Employment	1701.79	1555.45	146.34	127.09
7	14. Department of Tribal Affairs, Hills and Scheduled Caste Development	42234.17	39303.18	2930.99	560.36
8	17. Agriculture	12108.04	10427.44	1680.60	808.86
9	20. Community and Rural Development	67929.80	67219.90	709.90	4490.31
10	24. Vigilance Department	307.75	293.80	13.95	0.59
11	25. Youth Affairs and Sports Department	3998.08	3884.09	113.99	47.03
12	27. Election	845.10	729.88	115.22	209.78
13	28. State Excise	1765.00	1750.28	14.72	79.59
14	37. Fisheries	2604.39	2564.74	39.65	233.00
15	40. Irrigation and Flood Control Department	6641.42	5853.77	787.65	1.53
16	41. Art and Culture	2516.44	2035.97	480.47	71.65
17	42. State Academy of Training	496.88	459.53	37.35	68.37
18	44. Social Welfare Department	27379.19	17915.97	9463.22	3854.98
19	45. Tourism	1271.52	1170.05	101.47	84.76
20	46. Science and Technology	399.01	270.69	128.32	75.99
21	47. Minorities and Other Backward Classes Department	1666.58	1620.92	45.66	1014.73
Revenue Charged					
22	Appropriation no. 3 - Manipur Public Service Commission	381.58	376.20	5.38	55.00
23	26. Administration of Justice	1313.18	1167.34	145.84	91.32
Capital Voted					
24	13. Labour and Employment	300.02	56.50	243.52	56.50
25	17. Agriculture	2550.00	0.00	2550.00	2257.32
26	36. Minor Irrigation	7389.00	6471.27	917.73	267.63
27	40. Irrigation and Flood Control Department	21580.81	10852.97	10727.84	2251.45
Total		438352.16	58882.41	33341.62	497234.57

(Source: Appropriation Accounts)

As can be seen from the table, in case of Grant-17 Agriculture (Capital Voted), supplementary provision of ₹ 22.57 crore was provided even though no expenditure was made under this grant.

In three cases, supplementary provision of ₹ 53.72 crore was insufficient and there was an aggregate excess expenditure of ₹ 28.56 crore. Details are given in the following table:

Table 2.6: Statement showing major cases of insufficient supplementary provision

(₹in lakh)						
Sl. No.	Number and Title of Grant and Appropriation	Original	Supplementary	Total	Expenditure	Excess
Revenue Voted						
1	5. Finance Department	101583.64	4513.93	106097.57	106186.90	89.33
2	48. Relief and Disaster Management	2095.58	452.16	2547.74	5097.85	2550.11
Capital Voted						
3	14. Department of Tribal Affairs, Hills and Scheduled Caste Development	940.00	405.42	1345.42	1561.60	216.18
Total		104619.22	5371.51	109990.73	112846.35	2855.62

(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. Audit noticed that re-appropriation proved insufficient by one crore or more in each case and resulted in excess expenditure of ₹ 223.54 crore⁶ in 23 sub-heads (Sl. Nos. 106 to 128 of **Appendix 2.6**). It was also noticed that re-appropriation proved excessive by one crore or above in 105 sub-heads (Nos. 1 to 105 of **Appendix 2.6**) resulting in savings of ₹ 867.41 crore. This resulted in overall savings of ₹ 643.87 crore in these 128 sub-heads as detailed in **Appendix 2.6**. Thus, the re-appropriations proved injudicious.

Despite re-appropriation, there were savings of more than ₹ 50 crore in four cases⁷. On the excess side, there were two cases⁸ in which excess of expenditure exceeded more than ₹ 20 crore.

⁶ These excess pertains to sub-heads level, and not for the whole grant/appropriation

⁷ Grant No. 10 - Education ₹ 58.73 crore under Major Head (MH) - 2202.02.109.24 NP at Sl. No. 31 and ₹ 63.39 crore under MH - 2202.01.111.82 (Valley) at SL no. 36, Grant No. 30 - Planning ₹ 82.00 crore under MH - 3451.00.092.26 (Valley) at Sl. No. 88 and Grant No. 40 - Irrigation and Flood Control Department ₹ 95.89 crore under MH 4700.03.800.11 (Valley) at Sl. No. 91

⁸ Appropriation 2 - Interest Payment & Debt Services ₹ 92.71 crore under MH 6003.00.101.25(NP) of Sl. No. 106 and Grant No. 5 - Finance Department ₹ 35.89 crore under MH - 2071.01.101.36(NP) of Sl. No. 109.

2.3.9 Substantial surrenders

Substantial surrenders exceeding ₹ 10 crore and more than 25 per cent of the Total Provision⁹ in each case were made in respect of 7 sub-heads. The details are given in **Appendix 2.7**. An amount of ₹ 347.36 crore (51 per cent of the Provisions) was surrendered in these 7 cases. This constituted 88 per cent of the Total amount of ₹ 392.76 crore surrendered in 2015-16.

In three cases/schemes/programmes (under Grant No. 19 - Environment & Forest and under Grant No. 30- Planning) the whole provisions were surrendered. Surrender of 100 per cent of fund is a matter of concern and indicates that fund provisions had been made without adequate planning and due consideration of requirements.

2.3.10 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 2015-16, no part of savings in 61 cases was surrendered by the concerned Departments. The amount involved in these cases was ₹ 1173.25 crore (74.42 per cent of the overall savings of ₹ 1576.59 crore) (**Appendix 2.8**). It is observed that in four cases¹⁰, savings exceeded ₹ 100 crore but no part of which was surrendered.

Similarly, out of savings of ₹ 1710.66 crore under 37 Grants/Appropriations (52 cases) where saving was one crore and above in each case, only ₹ 327.15 crore pertaining to 16 Grants¹¹ could be surrendered leaving an un-surrendered balance savings of ₹ 1383.52 crore (81 per cent). Details are given in **Appendix 2.9**.

Besides, in 20 Grants (20 cases), ₹ 392.76 crore were surrendered on 31 March 2016 (**Appendix 2.10**) 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.

2.3.11 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 30 cases as listed as shown in **Appendix 2.11**, expenditure more than ₹ 10 crore and 25 per cent of the total expenditure for the year was incurred in March 2016. Of these, in 2 cases¹² involving ₹ 34.51 crore, the whole

⁹ Original and Supplementary

¹⁰ Education (₹ 253.69 crore – Sl. No. 5 of the Appendix 2.8), Social Welfare Department (₹ 133.18 crore - Sl. No. 27 of the Appendix 2.8) under Revenue Voted and Public Works Department (₹ 124.99 crore – Sl. No. 42 of Appendix 2.8) and Irrigation and Flood Control Department (₹ 129.79 crore – Sl. No. 55 of Appendix 2.8) under Capital Voted.

¹¹ Grants Nos.1, 3, 4, 16, 18, 19, 21, 26, 30, 31, 36, 43 and 49 under Revenue Voted, Grant No. 12, 15 and 22 under Capital Voted.

¹² Sl. Nos. 4 & 9 of Appendix 2.11

expenditure was incurred in March, indicating that there was 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

Abstract Contingent (AC) bills are to be used for drawing advances with specific sanction for departmental purposes. As per Central Treasury Rules¹³, 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 submitted during the period 2003-16 was ₹ 2535.53 crore against the amount of AC bills of ₹ 4096.54 crore leading to an outstanding balance of 1193 AC bills of ₹ 1561 crore as on June 2016. Year wise details are given in the following table:

Table 2.7: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills as on June 2016

(₹ in crore)

Year	Amount of AC bills	Amount of DCC bills submitted	Amount of 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	39.9	6.10	13.26
2006-07	149.69	107.41	42.28	28.25
2007-08	355.57	268.87	86.70	24.38
2008-09	592.33	542.8	49.53	8.36
2009-10	422.83	359.69	63.14	14.93
2010-11	354.36	210.03	144.33	40.73
2011-12	374.63	237.66	136.97	36.56
2012-13	205.81	143.53	62.28	30.26
2013-14	297.67	156.87	140.80	47.3
2014-15	810.58	255.92	554.66	68.43
2015-16	369.97	121.42	248.55	67.18
Total:	4096.53	2535.53	1561	38.10

(Source: - Voucher Level Computerization data)

¹³ Rule 308, Rule 309 & Note 4 under Rule 312

Department-wise pending DCC bills for the years up to 2015-16 is detailed in **Appendix 2.12**. Non-adjustment of advances for long periods is fraught with 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.

Out of total outstanding DCC bills of ₹ 1561 crore, 325 AC bills amounting to ₹ 464.12 crore (21 *per cent*) was pending regularization in Medical and Health Services Department, as shown below:-

Table 2.8: Pendency of DCC bills in respect of Medical & Health Services Department as on June 2016

(₹ in crore)

Year	Number of Vouchers	Amount	Reasons for which AC bills were drawn
2005-06	15	3.96	Not intimated by the Department
2006-07	23	18.42	Not intimated by the Department
2007-08	19	26.44	Not intimated by the Department
2008-09	29	12.48	Not intimated by the Department
2009-10	40	22.23	Not intimated by the Department
2010-11	86	21.60	Not intimated by the Department
2011-12	26	20.35	Not intimated by the Department
2012-13	13	54.05	Not intimated by the Department
2013-14	9	82.01	Not intimated by the Department
2014-15	47	144.13	Not intimated by the Department
2015-16	18	58.45	Not intimated by the Department
Total	325	464.12	

(Source: - Voucher Level Computerization data)

As can be seen from the above table, out of pending DCC bills pertaining to 325 vouchers of ₹ 464.12 crore during 2005-16, maximum amount of pending AC bills pertained to 2014-15 involving 47 vouchers (14 *per cent*) amounting to ₹144.13 crore (31 *per cent*).

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 2015-16 also. Out of 81 Controlling Officers (COs), 36 COs could not reconcile their expenditure with the expenditure figure booked in the books of the Accountant General (A&E), Manipur during 2015-16. As such, effective control over expenditure and accuracy of accounts of these offices could not be ensured. Details are given in **Appendix 2.13**.

2.5 Personal Deposit Accounts

Personal Deposit (PD) accounts is created for keeping of funds by debit to the Consolidated Fund of the State which is required to be closed at the end of the same financial year by minus debit to the relevant service heads. However, there were four¹⁴ PD accounts existing at the beginning of the year 2015-16. Out of these four PD accounts, two PD accounts viz. Planning and Development Authority and Apex Housing Co-operative Society were re-opened without approval of Accountant General (A&E), Manipur which was not as per prescribed procedure of General Financial Rules, 2005.

At the end of 31 March 2016, there were two PD accounts viz. Planning and Development Authority and Apex Housing Co-operative Society which had not been closed. These accounts had a closing balance of ₹ 86.03 lakh, which was not transferred back to the respective service heads. The number of PD accounts which has been inoperative for more than one year is nil.

2.6 Outcome of review of selected grant

A review on budgetary procedure and control over expenditure was conducted (October 2016) in respect of “Grant No. 21: Commerce & Industries”. It was noticed that against a budget provision of ₹ 85.28 crore under Revenue Head, the actual expenditure was ₹ 57.24 crore resulting in savings of ₹ 28.04 crore, out of which an amount of ₹ 7.94 crore only was surrendered. Thus, an amount of ₹ 20.10 crore remained un-surrendered. Under Capital Head, against a budget provision of ₹ 2.02 crore, the actual expenditure was ₹ 13.77 crore resulting in excess of ₹ 11.75 crore.

Cases of Excess/Unnecessary/Insufficient re-appropriation of funds exceeding ₹ 50 lakh and above (7cases) and substantial surrender exceeding one crore (1 case) noticed are detailed below:

Excess/unnecessary re-appropriation/surrender of funds: There were seven (7) cases of excess/unnecessary re-appropriation/surrender of funds of ₹ 50 lakh and above which resulted in a total savings ₹ 2.36 crore. Details are as shown in the following table:

¹⁴ Planning and Development Authority, Government Oil Depot, Apex Housing Co-operative Society, Procurement and Sale of Urea fertilizer.

**Table 2.9: 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	2851(NP).00.002.03	195.95	0	154.07	350.02	258.02	-92
2	2851[SP(V)].00.103.96	350	0	-250.00	100	132.08	32.08
3	2851[SP(H)].00.103.96	650	0	250.00	900	867.91	-32.08
4	4552[SP(H)].20.800.01	0	0	68.18	68.18	0.00	-68.18
5	4552[SP(V)].21.800.01	0	0	866.00	866.00	934.18	68.18
6	4851[SP(V)].00.800.83	0	0	384.00	384.00	292.18	-91.82
7	2552(NEC).00.800.40	0	0	52.44	52.44	0.00	-52.44
Total		1195.95	0	1524.69	2720.64	2484.37	-236.26

NP - Non-Plan, SP – State Plan and V – Valley
(Source: Detailed Appropriation Accounts)

In two cases¹⁵, there was savings of more than ₹ 90 lakh though re-appropriation of ₹ 1.54 crore and ₹ 3.84 crore were made respectively. In two cases¹⁶, there was excess of expenditure. In view of the saving/excess, the re-appropriation/surrender of funds proved inadequate/unnecessary.

Substantial surrender of funds: In one case, there was substantial surrender of funds under Grant No. 21 - Commerce & Industries during 2015-16 as shown in the following table.

Table 2.10: Substantial surrender during 2015-16

(₹ in crore)

Head of Account	Total Provision	Amount Surrendered	Percentage of Surrender
2851 - Village and Small Industries 102 Small Scale Industries 42 North Eastern Region Textile Promotion Scheme	19.60	7.94	40.51
Total	19.60	7.94	40.51

(Source: Detailed Appropriation Accounts)

The amount surrendered in this MH – 2851 alone amounted to ₹ 7.94 crore and was 40.5 per cent of the total provisions.

2.7 Errors in budgeting process

The following deficiencies were observed in the State budget for the year 2015-16:

Incorrect heads of accounts: There were 20 heads of accounts in the budget which did not conform with the list of Major and Minor Heads of Accounts, of which 4 cases belonged to Major Head, 1 case belonged to Sub-Major Head and 15 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

¹⁵ ₹ 92 lakhs (Sl. No.1) and ₹ 91.82 lakh (Sl. No. 6)

¹⁶ ₹ 32.08 (Sl. No. 2) and ₹ 68.18 (Sl. No. 5)

given in **Appendix 2.14**. The matter was pointed out (September 2016) by Accountant General (A&E) to the State Finance Department. Reply has not been received (October 2016).

2.8 Outcome of inspection of Treasuries

The following shortcomings were observed in audit of Treasuries¹⁷ during 2015-16:

Excess payment of pension/gratuity: During audit of four Treasuries *viz.* Imphal East Treasury (period of accounts: July 2014 to June 2015), Senapati treasury (period of accounts: July 2014 to June 2015), Tamenglong Treasury (period of accounts: July 2014 to June 2015), and Moreh Treasury (period of account: December 2014 to November 2015) excess payment of ₹ 2.22 lakh on account of pension/gratuity was noticed. The excess payment has occurred during July 2014 to November 2015 due to over payment of arrear family pension, payment after death of family pensioner *etc.* Action taken to address these excess payments has not been intimated (October 2016) by the State Government.

Non submission of paid vouchers: During audit of Imphal West Treasury (period of account: October 2014 to February 2016) it was noticed that vouchers amounting to ₹ 33.57 lakh¹⁸ for the period during October 2014 to February 2016 was not submitted. As such, the amount was booked under suspense head. Action taken in this regard has not been intimated (October 2016).

Deposit under Major Head '8449-Other Deposits': Deposits for more than three years shall be credited to the Government under Consolidated Fund is called lapsed deposit (Rule 189 of the Receipts & Payment Rules, 1983). During 2015-16, there was lapsed deposit of ₹ 925.18 lakh under Major Head '8449 – Other Deposits' under Moirang, Lamphel and Senapati Treasury. As the amount was deposited during March 2011 to March 2012, the same should have been credited into Consolidated Fund. Details of these are given in **Appendix 2.15**.

2.9 Conclusion and recommendations

Conclusions

During 2015-16, an expenditure of ₹ 9098.16 crore was incurred against a total budget provision of ₹ 10674.75 crore resulting in overall saving of ₹ 1576.59 crore. The overall savings was the net result of saving of ₹ 1720.19 crore offset by excess of ₹ 143.60 crore. The excess requires regularization under Article 205 of the Constitution of India. Excess

¹⁷ Conducted by Office of the Accountant General (A&E), Manipur

¹⁸ General Administration Department (₹ 15.36 lakh), Governor's secretariat (₹ 13.33 lakh), Manipur Legislative Assembly (₹ 4.03 lakh), Police Department (₹ 0.48 lakh), Printing and Stationery Department (₹ 0.27 lakh) and Information and Public Relation Department (₹ 0.10 lakh)

expenditure (₹ 151.80 crore) for the period 2010-12 had been recommended for regularization by Public Accounts Committee (PAC). However, the excess expenditure was still pending for regularisation. **(paras 2.2 and 2.3.5)**

Supplementary provision aggregating to ₹ 4972.35 crore in 27 cases during 2015-16 proved unnecessary as the expenditure did not come up to the level of original provision. **(para 2.3.7)**

There was outstanding balance of 1193 AC bills of ₹ 1561 crore as on June 2016. Out of 81 Controlling Officers (CO), 36 CO did not reconcile their expenditure with the expenditure booked in the books of accounts maintained by the Accountant General (A&E), Manipur. **(paras 2.4)**

Recommendations

The Government may consider to:

- *ensure timely regularization of excess expenditure, as required under Article 205 of the Constitution of India,*
- *strengthen budgetary control to avoid unnecessary supplementary provision,*
- *put in place a mechanism in the Departments for timely submission of DCC bills against drawal made on AC bills and ensure reconciliation of accounts with Accountant General (A&E).*