

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 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 2016-17 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 | Supple-mentary Grant/ Appropriation | Total | Actual expendi-ture | 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 | 8037.68 | 1434.08 | 9471.76 | 7646.44 | (-)1825.32 | 283.33 (283.33) | 15.52 |
| Capital | 1668.65 | 927.53 | 2596.18 | 1493.57 | (-) 1102.61 | 176.24 (176.24) | 15.98 |
| Loans and Advances | 2.70 | 0.00 | 2.70 | 0.25 | (-) 2.45 | 1.25 (1.25) | 51.02 |
| Sub-total Voted | 9709.03 | 2361.61 | 12,070.64 | 9140.26 | (-)2930.38 | 460.82 (460.82) | 15.73 |
| Charged | | | | | | | |
| Revenue | 500.74 | 18.76 | 519.50 | 566.82 | (+) 47.32 | 0 (0) | 0 |
| Capital | 0 | 0 | 0 | 0 | 0 | 0 (0) | 0 |
| Public Debt- Repayment | 308.27 | 927.75 | 1236.02 | 1144.97 | (-) 91.05 | 0 (0) | 0 |
| Sub-total Charged | 809.01 | 946.51 | 1755.52 | 1711.79 | (-) 43.73 | 0 (0) | 0 |
| Appropriation to Contingency Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 10,518.04 | 3308.12 | 13,826.16 | 10,852.05 | (-)2974.11 | 460.82 (460.82) | 15.49 |

(Source: Appropriation Accounts)

During 2016-17, an expenditure of ₹ 10,852.05 crore was incurred against a total budget provision of ₹ 13,826.16 crore resulting in overall saving of ₹ 2974.11 crore. The overall savings of ₹ 2974.11 crore was the net result of saving of ₹ 3024.84 crore in 50 Grants and two Appropriations under Revenue section and 23 Grants and one Appropriation under Capital section, offset by an excess of ₹ 50.73 crore in one Appropriation under Revenue section.

Substantial savings occurred in Education (Revenue Voted-₹ 236.33 crore) (Grant no. 10), Medical, Health and Family Welfare Services (₹ 142.26 crore) (Grant No. 11), Department of Tribal Affairs, Hills and Scheduled Caste Development (Revenue Voted - ₹ 105.87 crore) (Grant no. 14), Community and Rural Development (Revenue Voted-₹ 335.80 crore) (Grant no. 20) Planning (Revenue Voted-₹ 256.49 crore) (Grant no. 30), Public Works Department (Capital Voted-₹ 167.27 crore) (Grant no. 8), Municipal Administration Housing and Urban Development (Capital Voted-₹ 143.06) (Grant no. 12) Planning (Capital Voted-₹ 248.50 crore) (Grant no. 30) and Irrigation and Flood Control Department (Capital Voted-₹ 118.49 crore) (Grant no. 40).

Excess expenditure occurred under Revenue Charged in Interest Payments and Debt Services (₹ 50.73 crore) (Appropriation No. 2) partially offset by saving under Administration of Justice (₹ 1.99 crore) (Grant No. 2)

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priority

The outcome of appropriation audit shows that in 72 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 21¹ cases where savings were 50 per cent and above of the total provision in each case. Out of these, 100 per cent savings occurred in six Grants² under Capital Voted. There was savings amounting to ₹ 2388.45 crore in 18 cases, 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 | Supple-mentary | Total | Actual Expenditure | Saving |
|----------------------|---|----------------|----------------|----------------|--------------------|----------------|
| Revenue Voted | | | | | | |
| 1 | 7. Police | 1142.39 | 130.25 | 1272.64 | 1184.68 | 87.96 |
| 2 | 8. Public Works Department | 211.79 | 32.87 | 244.66 | 169.60 | 75.06 |
| 3 | 10. Education | 1276.90 | 47.34 | 1324.24 | 1087.90 | 236.34 |
| 4 | 11. Medical, Health and Family Welfare Services | 485.75 | 81.73 | 567.48 | 425.22 | 142.26 |
| 5 | 12. Municipal Administration, Housing and Urban Development (MADUD) | 75.24 | 19.73 | 94.97 | 41.63 | 53.34 |
| 6 | 14. Department of Tribal Affairs, Hills and Scheduled Caste Development | 461.81 | 59.03 | 520.84 | 414.96 | 105.88 |
| 7 | 19. Environment and Forest | 171.77 | -- | 171.77 | 102.18 | 69.59 |
| 8 | 20. Community and Rural Development | 643.49 | 473.99 | 1117.48 | 781.68 | 335.80 |
| 9 | 30. Planning | 320.28 | -- | 320.28 | 63.79 | 256.49 |
| 10 | 44. Social Welfare Department | 263.37 | 18.59 | 281.96 | 210.78 | 71.18 |
| | Sub Total | 5052.79 | 863.53 | 5916.32 | 4482.42 | 1433.90 |
| Capital Voted | | | | | | |
| 11 | 8. Public Works Department | 338.07 | 380.68 | 718.75 | 551.48 | 167.27 |
| 12 | 11. Medical, Health and Family Welfare Services | 43.18 | 66.40 | 109.58 | 54.33 | 55.25 |
| 13 | 12. MAHUD | 38.36 | 161.34 | 199.70 | 56.64 | 143.06 |
| 14 | 17. Agriculture | 81.80 | | 81.80 | 10.34 | 71.46 |
| 15 | 22. Public Health Engineering | 190.50 | 103.07 | 293.57 | 219.83 | 73.74 |
| 16 | 30. Planning | 270.00 | -- | 270.00 | 21.50 | 248.50 |
| 17 | 36. Minor Irrigation | 124.98 | 29.04 | 154.02 | 77.24 | 76.78 |
| 18 | 40. Irrigation and Flood Control Department | 392.78 | 52.86 | 445.64 | 327.15 | 118.49 |
| | Sub Total | 1479.67 | 793.39 | 2273.06 | 1318.51 | 954.55 |
| | Total | 6532.46 | 1656.92 | 8189.38 | 5800.93 | 2388.45 |

(Source: Appropriation Accounts)

¹ Grant Nos. 12, 15, 30, 46 and 47 (Revenue Voted) and Grant Nos. 1, 2, 5, 11, 12, 13, 15, 16, 17, 26, 30, 37, 44, 47, 49 and 50 (Capital Voted).

² Grant No. 2-Council of Ministers (Sl. No. 49), Grant No. 5-Finance Department (Sl. No. 50), Grant No.-13 Labour Employment (Sl.No.56), Grant No. - 15 Consumers Affairs, Food and Public Distribution (Sl. No. 58), Grant No.-37 Fisheries (Sl.No.65), and Grant No. - 49 Economics and Statistics (Sl.No. 70) under Capital Voted

In eight cases Supplementary Grants were given even though the Actual expenditure was less than Original Provision *viz.* Public Works Department (Sl. No. 2), Education (Sl. No. 3), Medical Health and Family Welfare Services (Sl. No.4), Municipal Administration Housing and Urban Development (Sl. No. 5), Department of Tribal Affairs, Hills and Scheduled Caste Development (Sl. No. 6), Social Welfare Department (Sl. No. 10) under Revenue Voted and Minor Irrigation (Sl. No. 17) and Irrigation and Flood Control Department (Sl. No. 18) under Capital Voted.

Further, in nine cases there was savings of more than ₹ 100 crore in each case *viz.* Education (₹ 236.33 crore); Medical Health and Family Welfare Services (₹ 142.26 crore) Department of Tribal Affairs, Hills and Scheduled Caste Development (₹ 105.87 crore) Community and Rural Development (₹ 335.80 crore) and Planning (₹ 256.49 crore) under Revenue Voted , Public Works Department (₹ 167.27 crore), Municipal Administration Housing and Urban Development (₹ 143.06 crore) Planning (₹ 248.50 crore) and Irrigation and Flood Control Department (₹ 118.49 crore) under Capital Voted.

2.3.2 Expenditure without provision

There was no case where expenditure was incurred without provision. Thus, there appears to be budgetary control in this regard unlike in previous years.

2.3.3 Persistent savings

There were 17 cases where persistent savings had occurred during the last five years *i.e.* 2012-13 to 2016-17. Of these, 11 cases pertained to Revenue Voted accounts and the remaining six cases under Capital Voted accounts. The details are given **Appendix 2.2**. In two cases³, during the last five years (2012-17) there were persistent savings of more than ₹ 50 lakh and above. Out of these, persistent savings in respect of one case⁴ was more than ₹ two crore during the period 2012-17. Persistent savings occurring year after year under the same heads of accounts is indicative of lack of proper analysis 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 9 cases mentioned in **Appendix 2.3**, ₹ 25.79 crore drawn at the end of the year during March 2017 were deposited into the head of account “8449-Other Deposits”.

³ Sl. No. 1, 5 of Appendix 2.2

⁴ Sl. No.5 of Appendix 2.2

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 was to be initiated (October 2017) by the State Government. Excess expenditure amounting to ₹ 3051.4 crore for the years 2012-13, 2013-14, 2014-15 and 2015-16 were yet to be examined (October 2017) by the PAC. The details of excess expenditure during 2010-16 is shown in **Appendix 2.4**. 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 2017) |
|---------------|---------------|----------------------|------------------|---|
| 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- |
| 2015-16 | 9 | 2 | 143.60 | |
| Total: | 30 | 10 | 3203.20 | |

(Source: Appropriation Accounts)

2.3.6 Excess expenditure incurred during 2016-17

The following table contains the summary of total excess over provisions in one case amounting to ₹ 50.73 crore from the Consolidated Fund of the State during 2016-17 and requires regularization under Article 205 of the Constitution. The excess expenditure incurred during 2016-17 is shown in the following table:

Table 2.4: Excess over provisions during 2016-17 requiring regularization (in ₹)

| Sl. No. | Number and title of Grant/Appropriation | Total provision | Expenditure | Excess |
|------------------------|---|-----------------------|-----------------------|---------------------|
| Revenue Charged | | | | |
| 1 | Appropriation No. 2 – Interest Payments & Debt Services | 4,93,01,59,000 | 5,43,75,06,000 | 50,73,47,000 |
| Total | | 4,93,01,59,000 | 5,43,75,06,000 | 50,73,47,000 |

(Source: Appropriation Accounts)

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating to ₹ 462.07 crore in 34 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., Public Works Department (₹ 32.87 crore), Education (₹ 47.34 crore), Medical, Health and Family Welfare Services (₹ 81.73 crore), Department of Tribal Affairs, Hills and Scheduled Caste Development (₹ 59.03 crore) and Minorities and other Backward Classes (₹ 22.10 crore) under Revenue Voted and Minor Irrigation (₹ 29.04 crore) and Irrigation and Flood Control Department (₹ 52.86 crore) and under Capital Voted. The details are given in **Appendix 2.5**.

In one case, supplementary provision of ₹ 17.79 crore was insufficient and there was an aggregate excess expenditure of ₹ 50.73 crore. Details are given in the following table:

Table 2.5: Statement showing major cases of insufficient supplementary provision

| (₹ in crore) | | | | | | |
|------------------------|---|---------------|---------------|---------------|---------------|--------------|
| Sl. No. | Number and Title of Grant and Appropriation | Original | Supplementary | Total | Expenditure | Excess |
| Revenue Charged | | | | | | |
| 1 | Appropriation No. 2 - Interest Payments & Debt Services | 475.23 | 17.79 | 493.02 | 543.75 | 50.73 |
| Total | | 475.23 | 17.79 | 493.02 | 543.75 | 50.73 |

(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 ₹ 221.63 crore⁵ in 35 sub-heads (Sl. Nos. 133 to 167 of **Appendix 2.6**). It was also noticed that re-appropriation proved excessive by ₹ one crore or above in 132 sub-heads (Nos. 1 to 132 of **Appendix 2.6**) resulting in savings of ₹ 980.88 crore. This resulted in overall savings of ₹ 759.25 crore in these 167 sub-heads as detailed in **Appendix 2.6**. Thus, the re-appropriations was not done as per actual requirements.

Despite re-appropriation, there were savings of more than ₹ 40 crore in four cases⁶ and excess of expenditure of more than ₹ 20 crore in four cases.

⁵ These excess pertains to sub-heads level, and not for the whole grant/appropriation

⁶ Appropriation 2 – Interest Payments & Debt Services ₹ 44.42 crore under Major Head (MH) 6003.109.17(NP) at Sl.No.2, Grant No. 10 - Education ₹ 47.72 crore under MH – 2202.01.101.19(NP) at Sl. No. 38, Grant No. 22 - Public Health Engineering ₹ 47.39 crore under MH - 4215.01.101.05[P(V)] at Sl. No. 91 and Grant No. 30 – Planning ₹ 44.91 crore under MH – 4552.800.02[NEC(V)] at Sl. No. 108.

2.3.9 Substantial surrenders

Substantial surrenders exceeding ₹ 10 crore and more than 25 per cent of the Total Provision⁷ in each case were made in respect of four sub-heads. The details are given in **Appendix 2.7**. An amount of ₹ 416.24 crore (79.35 per cent of the Provisions) was surrendered in these four cases. This constituted 90 per cent of the Total amount of ₹ 460.82 crore surrendered in 2016-17.

In two cases (under Grant No. 19 - Environment & Forest & Grant No. 30 – Planning) almost the whole provisions were surrendered. Such Surrender 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 2016-17, no part of savings in 70 cases was surrendered by the concerned Departments. The amount involved in these cases was ₹ 2328.90 crore (77 per cent of the overall savings of ₹ 3024.84 crore) (**Appendix 2.8**). It is observed that in seven cases⁸, savings exceeded ₹ 100 crore but no part of which was surrendered.

Similarly, out of savings of ₹ 2914.42 crore under 59 cases in 41 Grants/Appropriations where saving was ₹ one crore and above in each case, only ₹ 450.05 crore pertaining to 10 Grants⁹ could be surrendered leaving an un-surrendered balance savings of ₹ 2464.36 crore (85 per cent). Details are given in **Appendix 2.9**.

Besides, in 13 Grants (15 cases), ₹ 460.82 crore were surrendered on 31 March 2017 (**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, 2005 rush of expenditure in the closing month of the financial year should be avoided. In contravention to this, in 15 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 2017. Of these, in one case (under MH – 4851 – Commerce and Industries) involving ₹ 11.09 crore, 92.41 per cent of the expenditure was

⁷ Original and Supplementary

⁸ Education (₹ 236.33 crore – Sl. No. 6), Medical, Health and Family Welfare Services (₹ 142.26 crore - Sl. No. 7), Tribal Affairs, Hills and Scheduled castes Development (₹ 105.87 crore - Sl.No.9), Community and Rural Development (₹ 335.80 crore-Sl.No.14) under Revenue Voted and Public Works (₹ 167.27 crore - Sl.No.49) Municipal, Administration, Housing and Urban Development (₹ 143.06 crore Sl.No.53 of Appendix 2.8) and Irrigation and Flood Control (₹ 118.49 crore - Sl.No.65) under Capital Voted.

⁹ Grant Nos.1, 2, 6, 13, 19, 30, 40, 43 (Revenue Voted) & Grant Nos. 17 and 30 (Capital Voted)

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 Rules¹⁰, 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 2003-17 was ₹ 2878.28 crore against the amount of AC bills of ₹ 4444.50 crore leading to an outstanding balance of 1076 AC bills of ₹ 1566.22 crore as on October 2017 Year wise details are given in the following table:

Table 2.6: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills as on October 2017

(₹ in crore)

| Year | Amount of AC bills ¹¹ | 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 | 77.75 | 4.78 | 5.79 |
| 2005-06 | 46.00 | 39.90 | 6.10 | 13.26 |
| 2006-07 | 149.68 | 108.92 | 40.76 | 27.23 |
| 2007-08 | 355.57 | 270.65 | 84.92 | 23.88 |
| 2008-09 | 592.34 | 542.99 | 49.35 | 8.33 |
| 2009-10 | 422.83 | 364.48 | 58.35 | 13.80 |
| 2010-11 | 354.36 | 216.13 | 138.23 | 39.01 |
| 2011-12 | 374.63 | 251.63 | 123.00 | 32.83 |
| 2012-13 | 205.81 | 173.73 | 32.08 | 15.59 |
| 2013-14 | 297.68 | 175.22 | 122.46 | 41.14 |
| 2014-15 | 810.58 | 348.95 | 461.63 | 56.95 |
| 2015-16 | 369.97 | 138.14 | 231.83 | 62.66 |
| 2016-17 | 347.96 | 156.01 | 191.95 | 55.16 |
| Total: | 4444.50 | 2878.28 | 1566.22 | 35.24 |

(Source: - Voucher Level Computerization data)

¹⁰ Rule 308, Rule 309 & Note 4 under Rule 312

¹¹ The difference of ₹ 0.01 crore *vis-à-vis* last year Report is due to rounding.

Department-wise pending DCC bills for the years up to 2016-17 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 for early submission of DCC bills against pending AC bills.

Out of total outstanding DCC bills of ₹ 1566.22 crore, 299 AC bills amounting to ₹ 425.28 crore (27 per cent) was pending regularization in Medical and Health Services Department, as shown below:-

Table 2.7: Pendency of DCC bills in respect of Medical & Health Services Department as on October 2017

(₹ 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 | 21 | 18.42 | Not intimated by the Department |
| 2007-08 | 15 | 26.44 | Not intimated by the Department |
| 2008-09 | 26 | 12.48 | Not intimated by the Department |
| 2009-10 | 38 | 22.23 | Not intimated by the Department |
| 2010-11 | 79 | 21.60 | Not intimated by the Department |
| 2011-12 | 25 | 20.35 | Not intimated by the Department |
| 2012-13 | 12 | 24.05 | Not intimated by the Department |
| 2013-14 | 8 | 72.77 | Not intimated by the Department |
| 2014-15 | 35 | 133.13 | Not intimated by the Department |
| 2015-16 | 16 | 57.03 | Not intimated by the Department |
| 2016-17 | 9 | 12.82 | Not intimated by the Department |
| Total | 299 | 425.28 | |

(Source: - Voucher Level Computerization data)

Out of pending DCC bills pertaining to 299 vouchers of ₹ 425.28 crore during 2005-17, maximum amount of pending AC bills pertained to 2014-15 involving 35 vouchers (12 per cent) amounting to ₹ 133.13 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 2016-17 also. Out of 81 Controlling Officers (COs), 28 COs could not reconcile their expenditure with the expenditure figure booked in the books of the Accountant General (A&E), Manipur during 2016-17. 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 are created for keeping 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. PD is to be created with the approval of Accountant General (A&E). There were four¹² PD accounts existing at the beginning of the year 2016-17. Out of these four PD accounts, two PD accounts viz. Planning and Development Authority and Apex Housing Co-operative Society were re-opened without the 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 2017, 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 ₹ 33.42 lakh.

2.6 Outcome of review of selected grant

A review on budgetary procedure and control over expenditure was conducted (October 2017) in respect of “Grant No. 19: Environment and Forest”. It was noticed that against a budget provision of ₹ 171.77 crore under Revenue Head, the actual expenditure was ₹ 102.18 crore resulting in savings of ₹ 69.58 crore, out of which an amount of ₹ 24.08 crore only was surrendered, which was short of ₹ 45.50 crore against total saving. Under Capital Head, the department incurred the entire budget provision of ₹ two crore.

Excess/unnecessary/insufficient re-appropriation/surrender of funds: There were five cases of excess/unnecessary re-appropriation/surrender of funds of ₹ one crore and above which resulted in a total savings ₹ 1.61 crore. Details are as shown in the following table:

Table 2.8: Excess/Unnecessary/Insufficient re-appropriation of funds
(Savings (-)/Excess (+))

(₹ in lakh)

| Sl. No. | Head of Account | Original | Supplementary | Re-appropriation/surrender | Total | Expenditure | Savings (-)/Excess (+) |
|---------|------------------------|-------------|---------------|----------------------------|---------------|---------------|------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2402[SP(V)].00.800.02 | 450.00 | 0 | -200.00 | 250.00 | 450.00 | (+) 200.00 |
| 2 | 2402[SP(V)].00.800.03 | 0 | 0 | 200.00 | 200.00 | 0.00 | (-) 200.00 |
| 3 | 2406[CSS(H)].01.105.05 | 400.00 | 0 | -268.00 | 132.00 | 42.95 | (-) 89.04 |
| 4 | 2406[CSS(V)].01.105.05 | 300.00 | 0 | -212.00 | 88.00 | 139.42 | (+) 51.42 |
| 5 | 2406[CSS(V)].02.110.26 | 0 | 0 | 123.40 | 123.40 | 0.00 | (-) 123.40 |
| | Total | 1150 | 0 | -356.60 | 793.40 | 632.37 | (-) 161.02 |

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

In two cases¹³, there was savings of more than ₹ one crore though re-appropriation of ₹ two crore and ₹ 1.23 crore were made respectively. In

¹² Planning and Development Authority, Government Oil Depot, Apex Housing Co-operative Society, Procurement and Sale of Urea fertilizer.

¹³ ₹ 2 crore (Sl. No.2) and ₹ 1.23 crore (Sl. No.5)

two cases¹⁴, 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 case¹⁵ under Grant No. 19 – “Environment and Forest” an amount of ₹ 4.08 crore was surrendered against Total Provision of ₹ seven crore, resulting in substantial surrender of funds of 58.28 per cent during 2016-17.

2.7 Errors in budgeting process

The following deficiencies were observed in the State budget for the year 2016-17:

Incorrect heads of accounts: There were nine heads of accounts in the budget which did not conform with the list of Major and Minor Heads of Accounts, of which three cases belonged to Major Head, one case belonged to Sub-Major Head and five 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 2.14**. The matter was pointed out (September 2017) by Accountant General (A&E) to the State Finance Department. Reply has not been received (October 2017).

2.8 Outcome of inspection of Treasuries

The following shortcomings were observed in audit of Treasuries¹⁶ during 2016-17:

Excess payment of pension/gratuity: During audit of three Treasuries viz. Jiribam Treasury (period of accounts: November 2015 to October 2016), Chandel treasury (period of accounts: September 2016 to September 2016), Tamenglong Treasury (period of accounts: October 2016 to October 2016), excess payment of ₹ 7.69 lakh on account of pension/gratuity was noticed. The excess payment has occurred due to over payment of arrear family pension, payment after death of family pensioner *etc.* The matter was informed to the State Government (December 2016 to March 2017); action taken to address these excess payments has not been intimated (October 2017).

Deposit under Major Head ‘8449–Other Deposits’: Deposits for more than three years shall be credited to the Government under Consolidated Fund as lapsed deposit (Rule 189 of the Receipts & Payment Rules, 1983). During 2015-16, there was lapsed deposit of ₹ 3.12 crore under Major Head ‘8449 – Other Deposits’ under Police Department and Directorate of Development of

¹⁴ ₹ 2 crore (Sl. No.1) and ₹ 0.51 (Sl. No. 4)

¹⁵ MH- 2406 – Forestry and Wild Life; 01 – Forestry; 105 – Forest Produce; 05 – Mission for Integrated Development of Horticulture

¹⁶ Conducted by Office of the Accountant General (A&E), Manipur

Tribal and Schedule Castes. 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 2016-17, an expenditure of ₹ 10,852.05 crore was incurred against a total budget provision of ₹ 13,826.16 crore resulting in overall saving of ₹ 2974.11 crore. The overall savings was the net result of savings of ₹ 3024.84 crore offset by an excess of ₹ 50.73 crore. The excess requires regularization. Excess expenditure (₹ 151.80 crore) for the period 2010-11 and 2011-12 had been recommended for regularization by the Public Accounts Committee (PAC). However, the excess expenditure was still pending for regularisation. (**paras 2.2 and 2.3.5**)

Supplementary provision aggregating to ₹ 462.07 crore in 34 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision. (**para 2.3.7**)

There was outstanding balance of 1076 AC bills of ₹ 1566.22 crore as on October 2017. Out of 81 Controlling Officers (CO), 28 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:

- *ensure timely regularization of excess expenditure,*
- *strengthen budgetary control to avoid unnecessary supplementary provision,*
- *ensure timely submission of DCC bills against drawal made on AC bills and ensure reconciliation of accounts with Accountant General (A&E).*