

CHAPTER-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

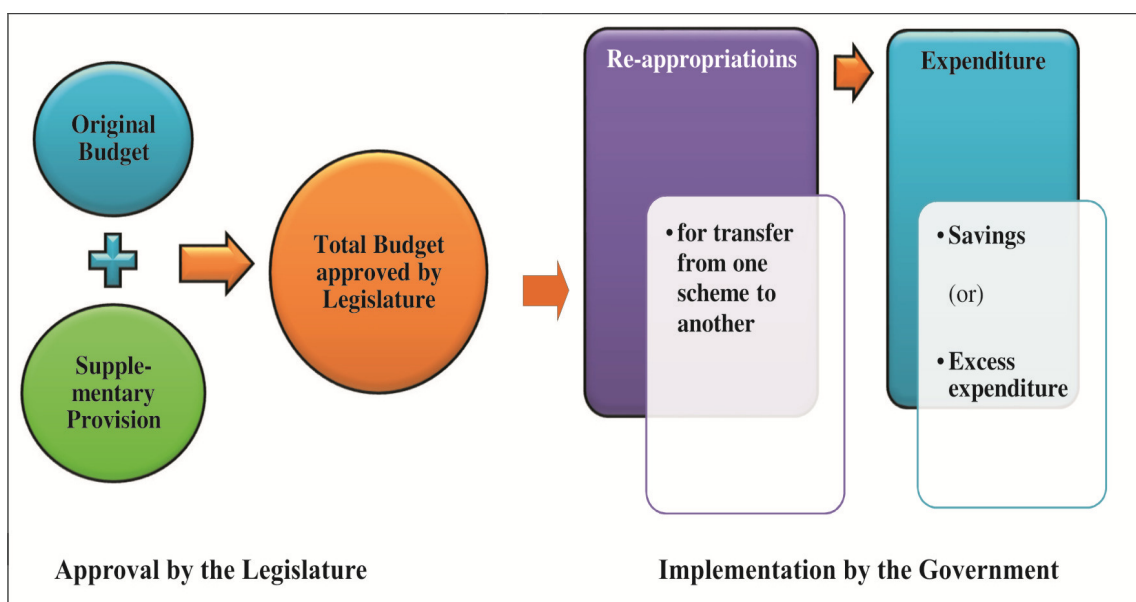
CHAPTER-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 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 and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

Chart-2.1: Flow chart of budget implementation



2.1.2 Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 31 grants/appropriations is given in **Table-2.1** and **Chart-2.2**.

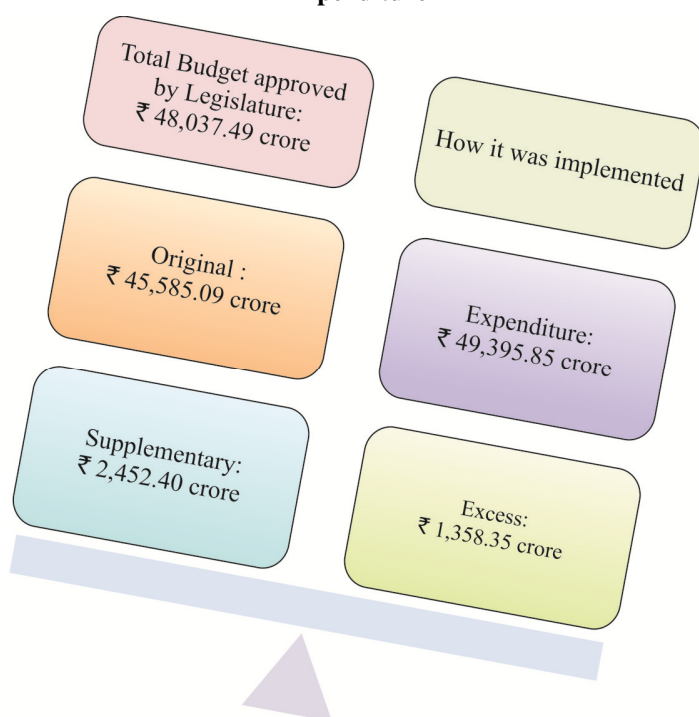
Table-2.1: Summarised position of Original/Supplementary Provisions vis-à-vis Actual expenditure during the year 2018-19

(₹ 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 Amount Surrendered on 31 March out of total amount surrendered
Voted	I- Revenue	30,542.41	1,504.24	32,046.65	27,648.18	(-) 4,398.47	689.91	689.91	100
	II- Capital	6,582.80	745.24	7,328.04	6,785.90	(-) 542.14	351.06	351.06	100
	III- Loans and Advances	191.98	0.92	192.90	183.48	(-) 9.42	00	00	00
Total Voted		37,317.19	2250.40	39,567.59	34,617.56	(-) 4950.03	1,040.97	1,040.97	100
Charged	IV- Revenue	5,084.90	202.00	5,286.90	4,547.99	(-) 738.91	3.58	3.58	100
	V- Capital	1.00	00	1.00	0.15	(-) 0.85	00	00	00
	VI- Public Debt- Repayment	3,182.00	00	3,182.00	10,230.14	(+) 7,048.14	00	00	00
Total Charged		8,267.90	202.00	8,469.90	14,778.28	6,308.38	3.58	3.58	100
Grand Total		45,585.09	2452.40	48037.49	49,395.84	1,358.35	1,044.55	1,044.55	100

Source: Appropriation Accounts.

Chart-2.2: Summarised position of provision vis-à-vis Actual Expenditure

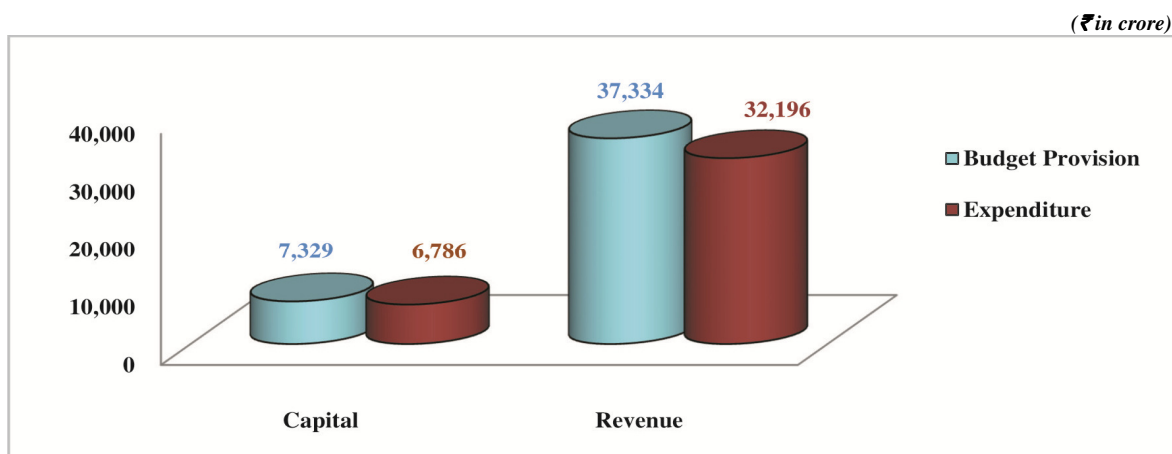


As shown in **Table-2.1**, there was an overall excess expenditure of ₹ 1,358.35 crore which was the result of excess expenditure of ₹ 8,464.98 crore in two grants under Capital Voted and one Appropriation under Capital Charged Section and saving of ₹ 7,106.62 crore in 31 grants and eight appropriations.

2.2.1 Capital and Revenue

Saving was observed in the Capital Account as well Revenue Account (**Chart-2.3**).

Chart-2.3: Budget provision and expenditure under Capital and Revenue sections



Source: Appropriation Accounts.

Departments and Sections against which significant excess expenditure over the allotment were noticed during the year 2018-19 are given in **Table-2.2**.

Table-2.2: Details of significant excesses noticed during 2018-19

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Excess Expenditure
1.	7	Finance, Tax, Planning, Secretariat & Miscellaneous Services	Capital (Charged)	7,048.14
2.	25	Food	Capital (Voted)	1,414.04
Total				8,462.18

As is evident from above table, 99.97 per cent excess occurred in only one grant and one appropriation.

Similarly, departments against which significant savings over the allotments were noticed during the year 2018-19, were Water Supply, Housing and Urban Development (₹660.85 crore), Revenue and General Administration (₹645.11 crore), Finance, Tax, Planning, Secretariat & Miscellaneous (₹1,557.33 crore), Education, Sports, Youth Welfare & Culture (₹697.55 crore), Medical, Health and Family Welfare (₹538.85 crore), Welfare (₹410.02 crore), Agriculture Works and Research (₹176.28 crore), Rural Development (₹205.91 crore), Public Works (₹231.81 crore), Transport (₹199.36 crore), Welfare of Scheduled Castes (₹417.35 crore), Forest (₹177.80 crore) and Welfare of Scheduled Tribes (₹176.17 crore).

The savings /excess (Detailed Appropriation Accounts) were intimated (July 2019) to the Controlling Officers requesting them to furnish reasons for the substantial savings/excess. Their replies were yet to be received (December 2019).

2.3 Financial Accountability and Budget Management

2.3.1 Excess Expenditure

As per paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual (UBM), incurring of unauthorised excess expenditure is objectionable and must be avoided. In three cases, expenditure aggregating ₹13,173.14 crore exceeded the approved provision by ₹8,464.98 crore. Details are given in **Appendix-2.1**. Of these, excess expenditure has been observed consistently in Grant No. 25-Food during the last five years as detailed in **Table-2.3**.

Table-2.3: List of Grant indicating persistent excess expenditure during 2014-15 to 2018-19

(₹ in crore)						
Sl. No.	No. And Name of grant	Amount of excess expenditure				
		2014-15	2015-16	2016-17	2017-18	2018-19
Capital-Voted						
1.	25-Food	1,738.25	2,203.83	2,245.80	1,322.39	1,414.04

Source: Appropriation Accounts.

The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the State Legislative Assembly, and, therefore, need to be viewed seriously. All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped, except in case(s) of dire and extreme emergency, the cost of which cannot be met from the Contingency Fund.

2.3.2 Excess over provision relating to previous years requiring regularisation

Paragraph 121 of Chapter XIII of the UBM envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the total final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Article 205(1)(b) of the Constitution. However, excess disbursements amounting to ₹ 27,194.16 crore under 51 Grants and 23 Appropriations pertaining to the years 2005-06 to 2017-18 are yet to be regularised by the State Legislature. The year-wise amount of excess expenditure pending regularisation is summarised in **Table-2.4**.

Table-2.4: Excess expenditure over the provisions relating to previous years requiring regularisation

				(₹ in crore)
Year	Number of Grant/Appropriation	Details of Grant/Appropriation	Amount of excess over provision	
2005-06	7	7,8,17,20,22,25&29	663.50	
2006-07	6	7,17,20,22,25& 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17,20,22,25&29	1,146.41	
2009-10	7	7,17,18,21,22,25&29	1,007.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	1,295.40	
2011-12	5	7,17,22,25&29	1,611.40	
2012-13	7	12,14,17,21,22,25 & 29	1,835.34	
2013-14	3	22,25 & 29	1,837.15	
2014-15	4	17,22, 25& 29	1,922.80	
2015-16	4	17, 22, 25& 29	2,334.24	
2016-17	4	07, 17, 25 & 29	5,457.33	
2017-18	6	07, 17, 20,22, 25 & 27	6,413.38	
Total			27,194.15	

Source: Appropriation Accounts.

This is in violation of Articles 204 and 205 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

2.3.3 Excess over provisions during 2018-19 requiring regularisation

Table-2.5 contains the summary of total excess expenditure registered under two grants and one appropriation amounting to ₹8,464.98 crore over authorisation from the Consolidated Fund of the State (CFS) during the year 2018-19.

Table-2.5: Excess over provision requiring regularisation during 2018-19

(₹ in crore)					
Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Total Expenditure	Excess Expenditure
Capital –Charged					
1.	7	Finance, Tax, Planning, Secretariat & Miscellaneous Services	3,182.00	10,230.14	7,048.14
Capital-Voted					
2.	19	Rural Development	1,507.16	1,509.96	2.80
3.	25	Food	19.00	1,433.04	1,414.04
Total			4,708.16	13,173.14	8,464.98

Source: Appropriation Accounts.

Reasons for the excess had not been intimated by the State Government/Department as of October 2019.

2.3.4 Inadequate supplementary provision

Supplementary provision of ₹125.01 crore sought in respect of two cases proved insufficient by one crore or more than ₹ one crore thereby leaving an aggregate uncovered excess expenditure of ₹1,416.84 crore (**Appendix-2.2**).

2.3.5 Rush of expenditure

Paragraph 183 of chapter XVII of Uttarakhand Budget Manual (UBM) stipulates that rush of expenditure in the closing month of the financial year should be avoided. For sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding 25 percent of the total expenditure for the year 2018-19 was incurred in March 2019 in respect of 39 major heads as listed in **Appendix-2.3**.

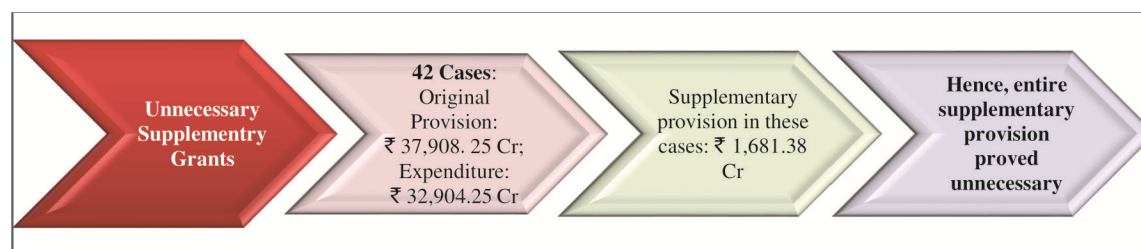
47.31 percent (₹5,082.28 crore) of the total expenditure of ₹10,742.97 crore spent against 39 major heads during the year 2018-19 was incurred in the last quarter of the financial year.

2.3.6 Excess provision resulting in saving

2.3.6.1 Unnecessary/Excessive supplementary provision

Supplementary provision aggregating ₹1,681.38 crore obtained in 42 cases, amounting to ₹10 lakh or more in each case during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.4**.

Chart-2.4: Unnecessary Supplementary Provisions



Source: Appropriation Accounts.

2.3.6.2 Excessive/unnecessary re-appropriation of funds

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation proved excessive/insufficient and resulted in savings/excess expenditure exceeding ₹ 10 lakh in 124 cases under 22 grants as detailed in **Appendix-2.5**. Reasons for the savings were not furnished by the Government as of December 2019.

2.3.6.3 Substantial surrenders

Substantial surrenders (the cases where more than 30 *percent* of total provision was surrendered) were made in respect of 104 sub-heads, in 16 grants. Out of the total provision amounting to ₹ 615.09 crore in these 104 sub-heads, ₹ 426.12 crore (69.28 *percent*) were surrendered which included 100 *percent* surrender in 51 schemes (₹ 76.31 crore) in Voted Grants detailed in **Appendix-2.6 (A)**. Out of the total provision amounting to ₹ 0.77 crore under one sub-head, ₹ 0.37 crore (48.05 *percent*) was surrendered in one appropriation as detailed in **Appendix-2.6 (B)**.

2.3.6.4 Surrender in excess of actual savings

In one case, the amount surrendered was in excess of actual saving indicating lack of budgetary controls in the Department. As against savings of ₹ 66.62 crore in one case, the amount surrendered was ₹ 100.40 crore resulting in excess surrender of ₹ 33.78 crore. Details are given in **Appendix-2.7**.

2.3.6.5 Anticipated savings not surrendered/partially surrendered

Paragraph 124 of Section I of Chapter XIII of the UBM stipulates that every Controlling Officer must furnish the final statement of excesses and savings in Form B.M. 2 (Part-II) which should reach the Finance Department, through the Administrative Department concerned, not later than 25 January. At the close of the year 2018-19, there were, however, 13 grants in which savings of ₹ five crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 2,964.13 crore (41.71 *percent* of the total savings¹) as given in **Appendix-2.8**.

Similarly, out of savings of ₹ 7,012.28 crore (individual cases where savings were more than ₹ one crore) amount aggregating ₹ 918.59 crore only was surrendered resulting in non-surrender of remaining ₹ 6,093.69 crore (85.75 *percent* of the savings of ₹ 7,106.62 crore), details of which are given in **Appendix-2.9**. Besides, in 14 cases, funds in excess of ₹ 10 crore amounting to ₹ 957.51 crore were surrendered (**Appendix-2.10**) on the last day of March 2019, thereby defeating the intended purpose of surrenders as these funds could not be utilised for other purposes.

2.3.6.6 Appropriation vis-à-vis expenditure

Appropriation audit shows that in 58 cases, savings exceeded ₹ one crore or more than 20 *percent* of total provision in each case (**Appendix-2.11**). Against the total savings of ₹ 7,106.62 crore, savings of ₹ 6,616.40 crore (93.10 *percent*)² occurred in 29 cases relating to 19 grants and one Appropriation as given in **Table-2.6**.

¹ Of total savings of ₹ 7,106.62 crore.

² Exceeding ₹ 50 crore in each case.

Table-2.6: List of Grants and Appropriations with savings of ₹ 50 crore and above

(₹ in crore)					
Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
Revenue -Voted					
1.	06	Revenue & General Administration	1,234.40	372.54	30.18
2.	07	Finance, Tax, Planning, Secretariat & Miscellaneous	8,440.00	697.69	8.27
3.	10	Police & Jail	1,938.78	105.30	5.43
4.	11	Education, Sports, Youth Welfare & Culture	7,609.74	542.42	7.13
5.	12	Medical, Health & Family Welfare	2,222.90	496.45	22.33
6.	13	Water Supply, Housing & Urban Development	705.07	143.54	20.36
7.	15	Welfare	1,709.43	367.60	21.50
8.	16	Labour & Employment	368.18	146.57	39.81
9.	17	Agriculture Works & Research	1,137.97	169.84	14.93
10.	19	Rural Development	1,004.01	205.91	20.51
11.	20	Irrigation & Flood	500.18	72.21	14.44
12.	22	Public Works	875.36	159.06	18.17
13.	23	Industries	250.87	53.04	21.14
14.	25	Food	257.69	86.46	33.55
15.	27	Forest	742.17	128.63	17.33
16.	30	Welfare of Scheduled Castes	1,200.62	321.08	26.74
17.	31	Welfare of Scheduled Tribes	363.88	122.09	33.55
Total			30,561.25	4,190.43	13.71
Revenue-Charged					
1.	07	Finance, Tax, Planning, Secretariat & Miscellaneous	5,174.62	699.30	13.51
Total			5,174.62	699.30	13.51
Capital-Voted					
1.	06	Revenue & General Administration	442.75	272.51	61.55
2.	07	Finance, Tax, Planning, Secretariat & Miscellaneous	328.13	160.34	48.86
3.	11	Education, Sports, Youth Welfare & Culture	297.93	155.14	52.07
4.	13	Water Supply, Housing & Urban Development	1,115.17	517.31	46.39
5.	20	Irrigation & Flood	468.20	102.27	21.84
6.	21	Energy	317.30	73.15	23.05
7.	22	Public Works	1,391.50	66.62	4.79
8.	24	Transport	187.81	173.86	92.57
9.	26	Tourism	112.59	55.11	48.95
10.	30	Welfare of Scheduled Castes	331.33	96.28	29.06
11.	31	Welfare of Scheduled Tribes	151.18	54.08	33.77
Total			5,143.89	1,726.67	33.57
Grand Total			40,879.76	6,616.40	16.19

Source: Appropriation Accounts.

The reasons for the savings though called for, were yet to be received (December 2019).

2.3.6.7 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore in 45 cases as detailed in **Table-2.7**.

Table-2.7: List of Grants indicating persistent savings during last five years (2014-15 to 2018-19)

(₹ in crore)						
Sl. No.	No. and Name of grant	Amount of Saving				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue-Voted						
1.	03-Council of Ministers	1.16	41.00	17.55	11.99	12.25
2.	04-Judicial Administration	35.73	29.67	54.67	19.38	39.73
3.	06-Revenue & General Administration	1,037.70	669.86	1,284.98	823.29	372.54
4.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	480.27	786.13	1,020.53	226.15	697.69
5.	08-Excise	1.44	1.91	5.13	2.59	3.12
6.	10-Police & Jail	100.55	60.74	149.77	73.90	105.30
7.	11-Education, Sports, Youth Welfare & Culture	741.48	811.98	1,313.18	439.41	542.42
8.	12-Medical, Health & Family Welfare	397.34	514.02	452.31	510.18	496.45
9.	13-Water Supply, Housing & Urban Development	175.86	300.00	416.29	171.25	143.54
10.	14-Information	1.01	2.19	4.76	3.30	8.92
11.	15-Welfare	342.56	396.89	504.66	324.83	367.60
12.	16-Labour & Employment	58.20	86.03	72.37	19.06	146.57
13.	17-Agriculture Works & Research	91.09	215.51	252.03	64.05	169.84
14.	18-Co-operative	7.93	6.60	16.69	2.84	16.46

15.	19-Rural Development	651.46	126.96	485.65	557.81	205.91
16.	20-Irrigation & Flood	63.40	49.57	100.57	36.58	72.21
17.	22-Public Works	205.45	119.55	61.65	63.62	159.06
18.	23-Industries	14.02	34.66	106.40	43.01	53.04
19.	24-Transport	5.27	5.60	11.69	9.43	25.50
20.	25- Food	224.72	129.08	171.66	55.36	86.46
21.	26-Tourism	42.46	4.17	18.69	8.40	14.96
22.	27-Forest	119.93	80.72	2,10.08	82.90	128.63
23.	28-Animal Husbandry	33.92	24.21	73.87	22.33	25.39
24.	29-Horticulture Development	41.31	61.45	49.46	55.47	44.62
25.	30-Welfare of Scheduled Castes	269.50	490.39	542.21	245.12	321.08
26.	31-Welfare of Scheduled Tribes	95.59	117.85	138.15	90.34	122.09
Revenue-Charged						
1.	02-Governor	1.19	1.31	4.81	2.18	3.16
2.	04-Judicial Administration	7.59	8.77	28.12	7.20	18.09
3.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	657.44	414.76	226.69	646.15	699.30
4.	09-Public Service Commission	1.59	1.64	9.49	10.11	11.77
5.	22-Public Works	4.71	5.09	1.38	3.95	6.13
Capital -Voted						
1.	04-Judicial Administration	19.54	29.06	38.67	3.76	4.64
2.	06-Revenue & General Administration	4.85	4.42	74.61	146.15	272.51
3.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	23.09	15.31	310.53	262.41	160.34
4.	10-Police & Jail	7.55	2.91	17.12	8.43	4.63
5.	11-Education, Sports, Youth Welfare & Culture	189.88	370.80	152.73	111.97	155.14
6.	12-Medical, Health & Family Welfare	24.27	33.80	32.28	82.61	42.40
7.	13-Water Supply, Housing & Urban Development	477.85	157.08	174.45	193.49	517.31
8.	15-Welfare	74.29	39.12	17.66	44.01	42.42
9.	21-Energy	361.66	102.42	314.05	196.67	73.15
10.	23-Industries	25.81	16.29	34.66	57.77	46.68
11.	24-Transport	30.00	59.21	44.41	19.23	173.86
12.	26-Tourism	179.95	63.10	71.64	5.22	55.11
13.	30-Welfare of Scheduled Castes	299.68	134.77	117.96	61.89	96.28
14.	31-Welfare of Scheduled Tribes	42.37	61.52	59.85	36.65	54.08

Reasons for savings in 2018-19 were not intimated by the Government (December 2019). Despite being mentioned in the Report on State Finances of the Comptroller & Auditor General of India for the year 2017-18 of the State, a substantial number of cases were noticed where savings persisted during the current year also which is indicative of persistent over assessment of requirement of funds. This needs to be reviewed.

2.3.7 Drawal of funds to avoid lapse of Budget

Government is authorised to open Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the Government. According to the provisions contained in General Financial Rules (Rule 8), funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

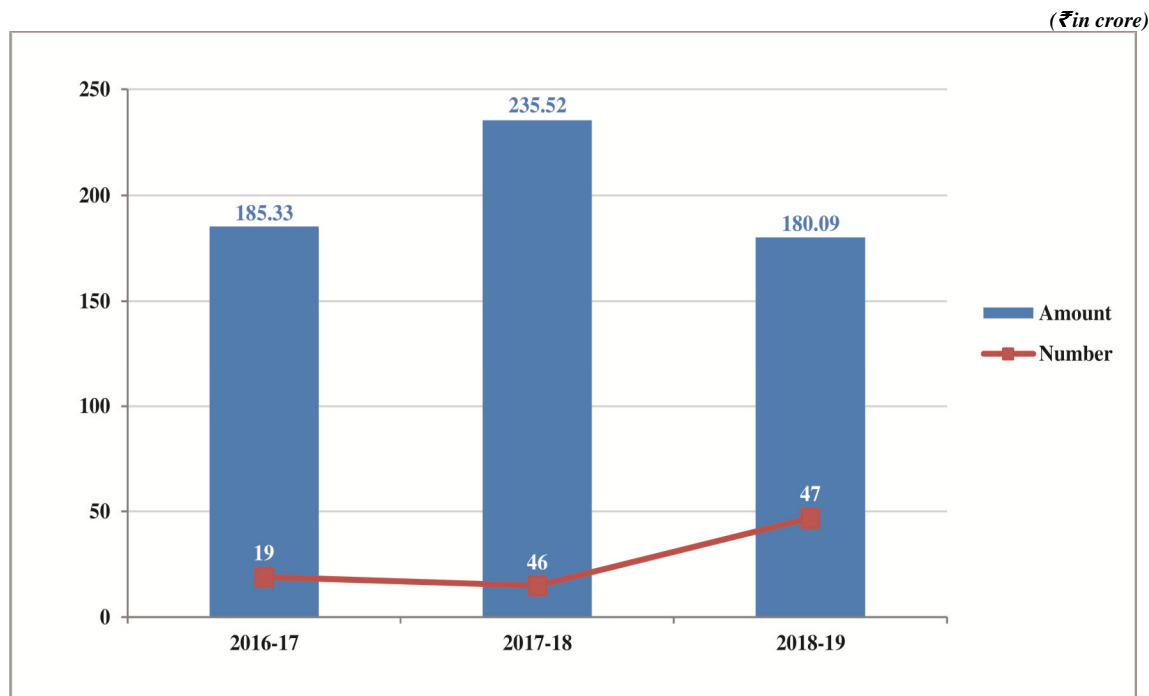
At the end of 2018-19, unspent balances to the tune of ₹180.09 crore in PD Accounts remained untransferred to the Consolidated Fund. Further, it was also noticed that an amount of ₹19.74 crore, ₹3.75 crore and ₹0.28 crore drawn under Major Heads 4515, 2415 and 2235 were transferred to PD Accounts in March.

The status of PDA during 2018-19 is given in **Table-2.8**.

Table-2.8: Status of PD Accounts (MH 8443-106) during 2018-19

(₹ in crore)							
Opening Balance		Addition during the year		Closed during the year		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
46 ³	235.52	01	226.24	...	281.67	47	180.09

Chart-2.5: PD Accounts



The State had 47 Personal Deposit Accounts with a closing balance of ₹ 180.09 crore as on 31 March 2019. Out of this, an amount of ₹ 98.36 crore (54.61 per cent) relates to one Personal Deposit Account of District Magistrate, Dehradun. The same was required to be closed at the end of financial year and the unspent balances transferred to the Consolidated Fund. It was also found that the amounts held in the PLA of DM, Dehradun were for the use of another State Government Departments such as Social Welfare Department, Civil Supplies Department, Sports Department and Swajal. During the year 2018-19 no amount had been spent from this account, instead an amount of ₹ 4.77 crore had been transferred to this account. Besides, the account had not been got renewed from the Accountant General (A&E), Uttarakhand either in the year 2017-18 or in the year 2018-19. Amounts lying in PD Accounts resulted in overstatement of expenditure to that extent. Moreover, the PD Administrators had not reconciled their balances with treasury figures. Non-reconciliation of Personal Deposit Accounts periodically and not transferring the unspent balances lying in Personal Deposit Accounts to Consolidated Fund entails the risk of misuse of public funds, fraud and misappropriation.

During Exit Conference, the State Government assured to issue a Government Order to all District Magistrates and the District Treasury Officers to open new PLA accounts only with the concurrence of Finance Department and the Accountant General (A&E) and not to use it for parking of funds.

³ Differs with the last years OB on account of reconciliation.

2.4 Outcome of Review of Selected Grants

A review of receipts and expenditure under Grant No. 07-Finance, Tax, Planning, Secretariat & Miscellaneous Services and Grant No. 13- Water Supply, Housing & Urban Development for the period 2016-17 to 2018-19 revealed the following position:

Grant No. 07-Finance, Tax, Planning, Secretariat & Miscellaneous Services

A. Revenue Expenditure

The overall revenue expenditure showed increase during 2017-18 by 30.91 *per cent* and further increased by 7.25 *per cent* during 2018-19 over the previous year, as summarised in the **Table-2.9**.

Table-2.9: Summarised position of actual expenditure vis-à-vis original provision during 2016-17 to 2018-19

(₹ in crore)

Head of Account	Year	Original provision	Supplementary provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in Exp.
2030-Stamps and Registration, 2040- Taxes on Sales, Trade etc., 2043-Collection charges under State Goods & Services Tax, 2045-Other Taxes and Duties on Commodities and Services, 2047- Other Fiscal Services, 2048, 2049- Interest Payments, 2052- Secretariat General Services, 2054- Treasury & Accounts administration 2071-Pension & Other Retirement Benefits, 2515- Other Rural Development Programme, 3451-Secretariat Economic Services, 3454- Census Survey & Statistics and 3604- Compensation & Assignments to Local Bodies and Panchayati Raj Institutions	2016-17	9,946.90	2.22	9,949.12	8,701.90	1,247.22	12.54	-
	2017-18	11,576.52	687.45	12,263.97	11,391.67	872.30	7.11	30.91
	2018-19	13,164.90	449.72	13,614.62	12,217.62	1,397.00	10.26	7.25

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2016-17 to 2018-19. During 2018-19, there was unnecessary supplementary provision of ₹ 449.72 crore as the original allotment (₹ 13,164.90 crore) was more than actual expenditure (₹ 12,217.62 crore).

Test check of certain heads of accounts revealed trends of major variations (more than ₹ 50 lakh in any year) in expenditure over previous years, as shown below in **Table-2.10**.

Table-2.10: Trends of major variations in expenditure over previous years in grant

Sl. No.	Head of Account	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation (in per cent)	
		2016-17	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
1.	2030-01-101-03	107.81	309.06	33.98	201.25	-275.08	186.67	-89.01
2.	2040-00-800-05	11,280.92	10,417.77	3,977.60	-863.15	-6,440.17	-7.65	-61.82
3.	2054-00-003-03	20.00	140.00	200.00	120.00	60.00	600.00	42.86
4.	2071-01-104-03	36,980.60	462.42	48,321.04	-36,518.18	47,858.62	-98.75	10,349.60
5.	2071-01-111-03	296.56	396.45	1,023.09	99.89	626.64	33.68	158.06
6.	3454-02-001-01	182.99	120.64	63.02	-62.35	-57.62	-34.07	-47.76
7.	3454-02-001-03	1,351.35	1,580.58	1,695.92	229.23	115.34	16.96	7.30
8.	3604-01-191-01	4,834.15	5,925.93	4,547.44	1,091.78	-1,378.49	22.58	-23.26
9.	3604-01-191-03	9,772.23	22,982.93	24,504.65	13,210.70	1,521.72	135.19	6.62
10.	3604-01-192-01	3,723.82	7,842.28	4,945.67	4,118.46	-2,896.61	110.60	-36.94
11.	3604-01-193-03	7,423.25	6,924.26	6,346.99	-498.99	-577.27	-6.72	-8.34

Source: Detailed Appropriation Accounts.

B. Capital Expenditure

The overall capital expenditure increased by 47.88 *per cent* during 2017-18 and by 32.61 *per cent* during 2018-19 over the previous year, as summarised below in Table-2.11.

Table-2.11: Summarised position of actual expenditure vis-à-vis original/supplementary provision during 2016-17 to 2018-19

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Excess	In per cent	
							Excess	Variation in Expenditure
4059- Capital Outlay on Public Work, 4216-Capital Outlay on Housing, 4515-Capital Outlay on Other Rural Development, 6003-Internal Debt of the State Government, 6004- Loans and Advances from the Central Government, 7610- Loans and Advances to Government servants etc., and 7615-miscellaneous Loans	2016-17	2,120.36	306.00	2,426.36	5,302.28	(+) 2,875.92	118.53	--
	2017-18	3,087.23	5.00	3,092.23	7,841.21	(+) 4,748.98	153.58	47.88
	2018-19	3,404.13	106.00	3,510.13	10,397.93	(+) 6,887.80	196.23	32.61

Source: Appropriation Accounts.

It is evident from the above that there were persistent excesses in the years 2016-17, 2017-18 and 2018-19. During 2017-18, supplementary provision of ₹ five crore proved inadequate as the actual expenditure (₹7,841.21 crore) was far more than the total provision. Similarly, during 2018-19, the total provision was not adequate, despite supplementary provision of ₹106 crore, as the actual expenditure (₹10,397.93 crore) exceeded the total provision by 196.23 *per cent*.

C. Non-Utilisation of entire Provision

Test check of sub-heads revealed that the department did not utilise the entire provision during 2016-17 to 2018-19 at the end of the year (₹ one crore and above) under following sub-heads:

Table-2.12: Summarised position of Non-Utilisation of entire Provision during 2016-17 to 2018-19

Sl. No.	Year	Head of Account	Original	Supplementary	Saving
1.	2016-17	2049-03-104-06	550.00	0.00	550.00
2.		2049-03-104-05	330.00	0.00	330.00
3.		2071-01-101-06	1,100.00	0.00	1,100.00
4.		2071-01-101-07	100.00	0.00	100.00
5.		2071-01-102-04	5,000.00	0.00	5,000.00
6.	2017-18	2049-01-101-27	1,812.20	0.00	1,812.20
7.		2052-00-090-16	33.42	0.00	33.42
8.		2071-01-101-06	1,200.00	150.00	1,350.00
9.		2071-01-101-07	15,000.00	0.00	15,000.00
10.		2071-01-102-03	18,060.00	27,800.00	45,860.00
11.		2048-00-797-03	20,000.00	0.00	20,000.00
12.		2049-01-101-17	3,038.97	0.00	3,038.97
13.	2018-19	2049-01-200-11	100.00	0.00	100.00
14.		2048-00-797-03	5,000.00	15,000.00	20,000.00
15.		2048-00-797-04	1,500.00	5,000.00	6,500.00
16.		2049-01-200-11	100.00	0.00	100.00
17.		2049-03-104-05	330.00	0.00	330.00
18.		2071-01-101-06	1,600.00	0.00	1,600.00
19.		3451-00-092-07	50.00	0.00	50.00
20.		3604-02-196-04	1,661.00	0.00	1,661.00

Source: Detailed Appropriation Accounts.

D. Receipts

The overall position of revenue receipts under 0030, 0040, 0043, 0045, 0047, 0049, and 0071 Major Head of the selected grant during 2016-17 to 2018-19 is summarised in **Table-2.13**.

Table-2.13: Position of revenue receipts under 0030, 0040, 0043, 0045, 0047, 0049, and 0071 Major Head of the grant

(₹ in crore)

Year	Budget Estimate	Revised Estimate	Actual Receipts	Excess/ short fall	Per cent Variation to Revised Estimate
2016-17	10,018.67	8,310.59	8,373.35	62.76	0.76
2017-18	4,562.27	4,540.73	5,205.65	664.92	14.64
2018-19	5,445.32	5,645.32	5,346.69	-298.63	-5.29

Source: Budget and Finance Accounts.

However, test check of certain head of account revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-2.14**.

Table-2.14: Summarised position of Receipts during 2016-17 to 2018-19

(₹ in crore)

Sl. No.	Head of Account	Year	Budget Estimate	Revised Estimate	Actual Receipts	Excess/ Shortfall	Per cent Variation to R.E
1.	0030-01-101	2016-17	1.65	8.22	8.08	-0.14	-1.70
		2017-18	8.00	8.00	18.31	10.31	128.88
		2018-19	00.00	00.00	6.18	6.18	0.00
2.	0030-01-800	2016-17	100.00	2.34	00.00	-2.34	-100.00
		2017-18	50.00	40.00	2.20	-37.8	-94.50
		2018-19	60.00	60.00	1.94	-58.06	-96.77
3.	0030-02-102	2016-17	798.15	594.09	591.90	-2.19	-0.37
		2017-18	714.00	714.00	662.77	-51.23	-7.18
		2018-19	620.00	620.00	776.09	156.09	25.18
4.	0030-02-103	2016-17	1.27	1.14	1.14	0.00	0.00
		2017-18	1.65	1.65	2.12	0.47	28.48
		2018-19	1.65	1.65	3.53	1.88	113.94
5.	0030-02-800	2016-17	29.07	0.75	0.88	0.13	17.33
		2017-18	13.04	10.04	1.00	-9.04	-90.04
		2018-19	150.04	150.04	00.00	-150.04	-100.00
6.	0030-03-104	2016-17	100.00	170.91	170.91	0.00	0.00
		2017-18	200.00	200.00	190.73	-9.27	-4.64
		2018-19	250.00	250.00	222.60	-27.4	-10.96
7.	0030-03-800	2016-17	170.00	2.32	2.32	0.00	0.00
		2017-18	110.02	100.02	1.06	-98.96	-98.94
		2018-19	110.02	110.02	0.82	-109.2	-99.25
8.	0040-00-101	2016-17	0.0001	786.73	668.14	-118.59	-15.07
		2017-18	308.00	308.00	126.92	-181.08	-58.79
		2018-19	100.00	100.00	18.94	-81.06	-81.06
9.	0040-00-102	2016-17	5,703.30	6,320.33	6,474.57	154.24	2.44
		2017-18	1,874.00	1,874.00	3,572.38	1,698.38	90.63
		2018-19	200.00	200.00	43.67	-156.33	-78.17
10.	0040-00-103	2016-17	1,600.00	14.00	0.70	-13.3	-95.00
		2017-18	0.0001	0.0001	0.09	0.0899	89,900.00
		2018-19	1,827.00	1,827.00	1,820.12	-6.88	-0.38
11.	0040-00-106	2016-17	20.01	10.35	10.35	0.00	0.00
		2017-18	20.00	20.00	3.30	-16.7	-83.50
		2018-19	2.00	2.00	0.15	-1.85	-92.50
12.	0043-00-103	2016-17	0.0001	0.006	00.00	-0.006	-100.00
		2017-18	0.007	0.007	0.01	0.003	42.86
		2018-19	0.005	0.005	0.008	0.003	60.00
13.	0045-00-101	2016-17	29.15	38.00	37.51	-0.49	-1.29
		2017-18	40.00	40.00	29.20	-10.8	-27.00
		2018-19	0.0001	0.0001	0.28	0.2799	2,79,900.00
14.	0045-00-102	2016-17	0.0002	0.05	0.64	0.59	1,180.00
		2017-18	0.0002	0.0002	0.02	0.0198	9,900.00
		2018-19	0.0002	0.0002	0.0002	0.00	0.00
15.	0045-00-110	2016-17	350.00	88.17	88.17	0.00	0.00
		2017-18	300.00	300.00	134.30	-165.7	-55.23
		2018-19	300.00	300.00	167.60	-132.4	-44.13

16.	0045-00-111	2016-17	0.007	0.008	0.008	0.00	0.00
		2017-18	0.008	0.008	0.01	0.002	25.00
		2018-19	0.0001	0.0001	0.0024	0.0023	2,300.00
17.	0045-00-112	2016-17	0.55	0.33	0.21	-0.12	-36.36
		2017-18	0.50	0.50	0.18	-0.32	-64.00
		2018-19	0.0001	0.0001	00.00	-0.0001	-100.00
18.	0047-01-800	2016-17	0.006	0.0001	0.001	0.0009	900.00
		2017-18	0.006	0.006	0.01	0.004	66.67
		2018-19	0.03	0.03	0.07	0.04	133.33
19.	0049-04-103	2016-17	10.20	0.07	47.53	47.46	67,800.00
		2017-18	0.10	0.10	71.26	71.16	71,160.00
		2018-19	0.10	0.10	44.07	43.97	43,970.00
20.	0049-04-110	2016-17	60.00	11.00	24.06	13.06	118.73
		2017-18	12.00	12.00	14.05	2.05	17.08
		2018-19	12.00	12.00	10.49	-1.51	-12.58
21.	0049-04-800	2016-17	26.40	36.56	0.17	-36.39	-99.54
		2017-18	40.15	41.61	0.08	-41.53	-99.81
		2018-19	45.00	45.00	1.13	-43.87	-97.49
22.	0071-01-800	2016-17	608.30	3.00	0.1	-2.9	-96.67
		2017-18	503.30	503.30	00.00	-503.3	-100.00
		2018-19	1,303.30	1,503.30	1,656.75	153.45	10.21

Source: Budget and Finance Accounts.

Grant No. 13-Water Supply, Housing & Urban Development

A. Revenue Expenditure

The overall revenue expenditure decreased by 3.87 percent during 2018-19 against a decrease of 21.57 percent during 2017-18 over the previous years, as summarised in Table-2.15.

Table-2.15: Summary of actual expenditure vis-à-vis original provision during 2016-17 to 2018-19

Head of Account	Year	Original	Supple- mentary	Total	Actual Expenditure	Saving	Saving (in per cent)	Growth in expenditure (in per cent)
								(in per cent)
2215-Water Supply & Sanitation 2517-Urban Development	2016-17	1,083.09	78.01	1,161.10	744.80	416.29	35.85	-
	2017-18	651.69	103.72	755.41	584.16	171.25	22.67	(-) 21.57
	2018-19	588.57	116.50	705.07	561.53	143.54	20.36	(-) 3.87

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2016-17 to 2018-19. During 2016-17, there was unnecessary supplementary provision of ₹78.01 crore as the original allotment (₹1,083.09 crore) was more than actual expenditure (₹744.80 crore). Similarly during 2017-18, there was unnecessary supplementary provision of ₹103.72 crore as the original allotment (₹651.69 crore) was more than actual expenditure (₹584.16 crore). During 2018-19, there was unnecessary supplementary provision of ₹116.50 crore as the original allotment (₹588.57 crore) was more than actual expenditure (₹561.53 crore).

Test-check of certain head of account revealed significant variations (more than ₹ 50 lakh in any year) in expenditure over previous years as shown below in Table-2.16.

Table-2.16: Trend of major variations in expenditure over previous years in grant

Head	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation (in per cent)	
	2016-17	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
2215-01-101-05	15,792.19	19,789.10	24,982.63	3,996.91	5,193.53	25.31	26.24
2215-01-102-01	7,754.27	2,669.39	394.07	-5,084.88	-2,275.32	-65.58	-85.24
2215-01-102-07	1,330.91	1,105.00	4,002.62	-225.91	2,897.62	-16.97	262.23
2215-01-190-03	4,450.00	2,500.00	3,000.00	-1,950.00	500.00	-43.82	20.00
2215-01-190-05	3,000.00	9,680.00	5,200.00	6,680.00	-4,480.00	222.67	-46.28
2215-02-106-03	699.33	600.00	1,500.00	-99.33	900.00	-14.20	150.00
2217-03-001-06	381.14	475.61	526.68	94.47	51.07	24.79	10.74
2217-03-191-03	5,022.91	872.30	25.97	-4,150.61	-846.33	-82.63	-97.02
2217-03-800-01	14,331.36	436.12	1,617.13	-13,895.24	1,181.01	-96.96	270.80

Source: Detailed Appropriation Accounts.

B. Capital Expenditure

The overall Capital Expenditure showed an increase of 105.73 *per cent* during 2017-18 and a decrease of 6.22 *per cent* in 2018-19 over the previous year, as summarised in **Table-2.17**.

Table-2.17: Summarised position of actual expenditure vis-à-vis original provision during 2016-17 to 2018-19

Head of Account	Year	Original	Supplementary	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in Exp.
4215- Capital Outlay on Water Supply and Sanitation, 4216- Capital Outlay on Housing, 4217-Capital Outlay on Urban Development and 6217-Loans for Urban Development.	2016-17	378.79	105.53	484.32	309.87	174.45	36.02	-
	2017-18	642.81	188.19	831.00	637.51	193.49	23.28	(+)105.73
	2018-19	1,047.47	67.70	1,115.17	597.86	517.31	46.39	(-)6.22

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings under the Capital Heads under grant number-13 Water Supply, housing & Urban Development of ₹174.45 crore (36.02 *per cent*), ₹193.49 crore (23.28 *per cent*) and ₹517.31 crore (46.39 *per cent*) in the years 2016-17, 2017-18 and 2018-19 respectively. Further, in all the three years the supplementary provision proved unnecessary as the actual expenditure was less than the original grant.

C. Non-Utilisation of the entire Provision

Test check of certain sub-heads of account revealed that the department did not utilise the entire provision during 2016-17 to 2018-19 at the end of the year (₹ one crore and above) as given in **Table-2.18**.

Table-2.18: Summarised position of Non-Utilisation of entire Provision during 2016-17 to 2018-19

Sl. No.	Year	Head of Account	Original	Supplementary	Total (₹in lakh)
1.	2016-17	2217-03-191-01	2,370.00	00.00	2,370.00
2.		2217-03-191-04	100.00	00.00	100.00
3.		2217-03-191-97	1,400.00	00.00	1,400.00
4.		2217-03-800-13	300.00	00.00	300.00
5.	2017-18	2215-01-052-02	100.00	00.00	100.00
6.		2217-03-800-16	00.00	200.00	200.00
8.		2217-05-051-01	2,500.00	00.00	2,500.00
9.		2217-80-800-09	100.00	00.00	100.00
10.	2018-19	2215-01-101-01	119.01	00.00	119.01
11.		2217-03-800-12	500.00	00.00	500.00
12.		2217-03-800-17	1,500.00	00.00	1,500.00
13.		2217-03-800-19	200.00	00.00	200.00

Source: Detailed Appropriation Accounts.

D. Receipts

The overall position of revenue receipts under 0215, 0216 and 0217 major head of the grant during 2016-17 to 2018-19 is summarised in **Table-2.19**.

Table-2.19: Position of revenue receipts under 0215, 0216 and 0217 Major Head of the grant

Year	Budget Estimate	Revised Estimate	Actual Receipts	Excess/Shortfall	(₹in crore)
					Variation to Revised Estimate (in per cent)
2016-17	13.10	15.09	15.09	00.00	00.00
2017-18	14.75	15.75	17.12	1.37	8.70
2018-19	19.55	11.35	11.33	(-) 0.02	(-) 0.18

Source: Budget and Finance Accounts.

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-2.20**.

Table-2.20: Position of Receipts, Minor Head-0215, 0216 and 0217

(₹ in crore)

Sl. No.	Head of Account	Year	Budget Estimate	Revised Estimate	Actual Receipts	Excess/ Shortfall	Per cent Variation to R.E
1.	0215-01-103	2016-17	4.40	7.36	7.36	00.00	00.00.
		2017-18	7.50	5.50	8.35	2.85	51.82
		2018-19	8.00	0.10	0.001	(-) 0.099	-99.00
2.	0216-01-106	2016-17	4.30	4.46	4.46	00.00	00.00
		2017-18	4.00	7.00	7.39	0.39	5.57
		2018-19	8.00	10.00	10.11	0.11	1.10
3.	0217-03-800	2016-17	4.40	3.27	3.27	00.00	00.00
		2017-18	3.25	3.25	1.38	-1.87	-57.54
		2018-19	3.55	1.25	1.22	-0.03	-2.40

Source: Budget and Finance Accounts.

Thus, there were significant variations in respect of actual receipts and Revised Estimates which indicated deficiency in estimation.

2.5 Outcome of Inspection of Treasuries

There were 90 units *i.e.* 19 treasuries, 70 sub-treasuries and one Cyber Treasury at Dehradun in the State, besides one Pay & Accounts Office at New Delhi. Major irregularities noticed during inspection of 54 units⁴ during 2018-19 are contained in **Table-2.21**.

Table-2.21: Outcome of inspection of Treasuries

Sl. No.	Category	Amount (₹ in crore)
1.	Unadjusted amount withdrawn through TR 24	0.20
2.	Uncontrolled withdrawal from PLA Accounts	27.14
3.	Non deduction of TDS from pensioners during 2016-17	0.14

Source: Annual Review 2018-19 of Treasuries by Accountant General (A&E), Uttarakhand.

2.6 Advances from Contingency Fund

The Contingency Fund of the State, in the nature of an imprest, has been established vide Uttarakhand Contingency Fund Act, 2001 (Act No.2 of 2001) in terms of provisions of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. The corpus of Contingency Fund stood at ₹ 500 crore at the end of 2018-19. Any drawal of advances from the Fund needs to be recouped from the Consolidated Fund of the State within the same financial year. However, as on 31 March 2019, advances to the tune of ₹ 107.08 crore drawn from the Contingency Fund during the year 2018-19, remained to be recouped from Service Heads to the Contingency Fund as required as per Section 5 of the Uttarakhand Contingency Fund Act, 2001. As of August 2019, the position of un-recouped Contingency Fund for the year 2018-19 is depicted in **Appendix-2.12**. **Appendix-2.13** gives the position of non-recouped amount of Contingency Fund for the year 2017-18.

⁴ 19 Treasuries, 32 Sub Treasuries, One Cyber Treasury, One Pay & Account Office and One Director Treasury.

Table-2.22: Details of expenditure from Contingency Fund

(₹ in crore)

Financial Year	Contingency Fund Advance	Expenditure on Natural Calamity	Expenditure on other than Natural Calamity		Percentage of Expenditure other than Natural Calamity
			Capital Expenditure	Other Than Capital Expenditure	
2014-15	194.15	10.00	58.38	125.77	94.85
2015-16	385.46	00.00	35.04	350.42	100.00
2016-17	227.70	1.77	15.46	210.47	99.22
2017-18	231.50	4.87	161.52	65.11	97.90
2018-19	107.08	12.50	2.00	92.58	88.33
Total	1,145.89	29.14	272.40	844.35	

During the period 2014-15 to 2018-19, it was observed that State Government incurred an expenditure on Natural Calamity, which is of emergent nature, ranging between zero and 11.67 per cent of Contingency Fund. However, the Government resorted to advances from the Contingency Fund to the tune of ₹272.40 crore (23.77 per cent) for Capital purposes over the period 2014-15 to 2018-19.

An analysis of Expenditure met out of Contingency Fund during the year 2018-19 revealed that expenditure was made towards works not relating to natural calamity like Construction of temporary barrack, washroom & kitchen (₹ two crore); loan to Sugar Mills (₹10 crore); “Rashtriya Gram Swaraj Abhiyan” scheme (₹18.69 crore); grant to Office of the Managing Director, Uttarakhand Payjal Sansthan Vikas Evam Nirman Nigam for payment of salary to its employees (₹16 crore); grant to sugar mills for payment of remaining amount of purchase of Cane (₹12.16 crore); other rural development programmes (₹7.09 crore); for strengthening of district police (₹10.35 crore); assistance to public sector undertakings under Road Transport (₹9.63 crore); upgrading health services in the State (₹5.56 crore); and Others⁵ (₹3.10 crore)

The above expenditure was in contravention of the rules governing the operation of the Contingency fund.

2.7 (A) Pendency in submission of Detailed Countersigned Contingent (DCC) Bills against Abstract Contingent (AC) Bills

As per Financial Rules, every Drawing Officer has to certify in each AC bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective Controlling Officers for countersignatures and transmission to the Accountant General (Accounts and Entitlement). Detailed bills aggregating ₹ 0.56 crore, drawn on 10 AC bills were pending at the end of March 2019. Year wise details are given in Table-2.23.

Table-2.23: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on March 2019)

(₹ in crore)

Year	Outstanding DC Bills	
	Number	Amount
Up to 2017-18	Nil	...
2018-19	10	0.56
Total	10	0.56

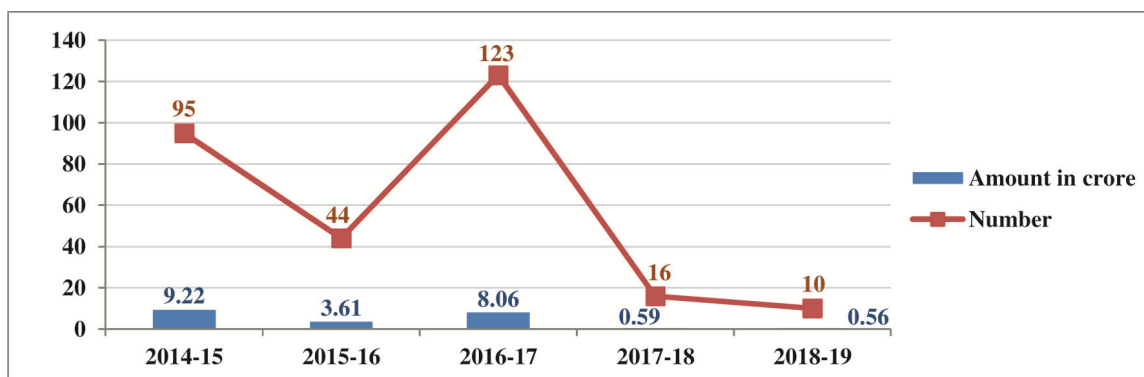
Source: Information as compiled from Accountant General (A&E), Uttarakhand.

⁵ Minor Irrigation (₹ 1.69 crore), Village and Small Industries (₹ 0.81 crore), General Education (₹ 0.02 crore), Urban Development (₹ 0.14 crore), Crop Husbandry (₹ 0.25 crore), Other Administrative Services (₹ 0.18 crore).

Out of the total outstanding DCC bills amounting to ₹0.56crore, four outstanding DCC bills of ₹0.29crore pertained to the Election Department. Position of Department/office wise pending DCC bills for the period up to 2018-19 has been given in **Appendix-2.14**.

The details of outstanding detailed counter signed contingent bills against AC bills during the last five years are given in the Chart below:

Chart-2.6: Outstanding DC Bills



There was a substantial reduction in the outstanding detailed bills against the AC Bills and only 10 DCC Bills amounting to ₹ 0.56 crore were outstanding at the end of March 2019.

2.7 (B) Un-reconciled Expenditure

To enable the Controlling Officers of the Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Paragraph 109 of the Uttarakhand Budget Manual 2012 stipulates that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). 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 2018-19 also.

During the year 2018-19, such reconciliations had been completed fully by 55 Chief Controlling Officers (CCOs) out of 62 CCOs (88.71 *percent*) for an amount of ₹36,524.41 crore (95.16 *percent*) out of total expenditure of ₹38,380.44 crore.

The cases where amounts exceeding ₹10crore involving a total of ₹1140.61 crore (2.97 *percent* of total expenditure) remained un-reconciled in respect of six Controlling Officers during the year 2018-19 are detailed in **Table-2.24**.

Table-2.24: List of Controlling Officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2018-19

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	O/o The Chief Revenue Commissioner Ring Road, Ladpur, Dehradun	122.50
2.	O/o The Principal Secretary, Finance, Government of Uttarakhand	76.17
3.	O/o The Director General Medical Health and Family Welfare Services	421.55
4.	O/o The Secretary, Housing and Urban Development	147.10
5.	O/o The Controller of Finance Govind Vallabh Pant Agriculture and Industrial University	119.68
6.	O/o The Chief Engineer, Irrigation Department	253.61
Total		1,140.61

Source: Information compiled from Accountant General (A&E), Uttarakhand.

The CCOs of the above mentioned departments were asked to furnish the reasons for failing to undertake reconciliation as prescribed by the Accountant General (Accounts & Entitlement). However, no response was received (December 2019). Non-reconciliation of accounts by the controlling authorities has led to the continuation of deleted sub-major heads being operated by some controlling authorities.

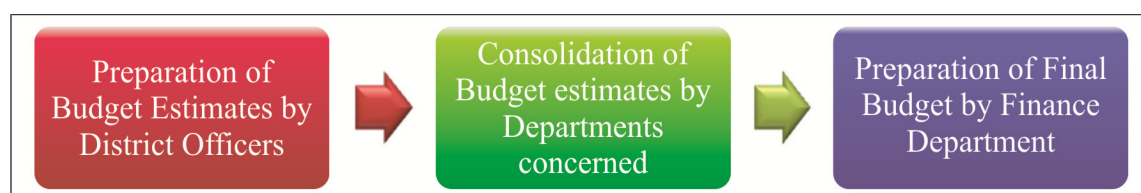
The Government must ensure reconciliation of accounts by the Controlling Officers concerned to obviate possibilities of fraud and misuse of funds.

During Exit Conference, the State Government agreed to issue a Government Order to all Administrative Departments/CCOs/Head of Departments for timely reconciliation of expenditure with Accountant General (A&E), Uttarakhand.

2.8 Budgeting Process

The flow chart of budget preparation process is below:

Chart-2.7: Flow chart of Budget preparation process



Source: Based on para 210 of Budget Manual.

Both the departmental estimates and estimates prepared at district level should receive careful attention of the officers who submit them, so that they may be neither inflated nor under pitched but as accurate as possible.

Audit analysis showed that budget preparation had several flaws that undermine its role in legislative control and as a tool for the Government to monitor the flow of funds.

2.8.1 Deficiencies in budgeting

The following discrepancies in the classification were noticed in the Budget document of the State Government for the financial year 2018-19.

Sl. No.	Classification made in the Budget Document.	Classification as per List of Major and Minor Heads of Accounts
1.	MH-2070-104-Vigilance	Minor Head 104-Vigilance does not exist
2.	MH-2202- 02- 105-Non-formal Education	MH-2202-02-103-Non-formal Education
3.	MH-2202-05-107-Scholarships	Minor Head 107-Scholarships does not exist under sub-Major Head 05
4.	MH-2202-80-107-Training	MH-2202-80-107-Scholarship
5.	MH-2215-01-107-Sewerage Services	MH-2215-01-107-Sewerage Services does not exist
6.	MH-4215-02-105-Sewerage Services	MH-4215-02-105-Sewerage Services does not exist
7.	MH-2501-01-003-Training, 800-Other Expenditure	MH-2501- 01 sub-Major Head does not exist
8.	MH-2701-16-102-Maintenance and Repairs	MH-2701-16-101-Maintenance and Repairs
9.	MH.4702-00-051-Construction	MH-4702-00-051-Construction does not exist
10.	MH 4711-01-051 -Construction	MH-4711-01-051-Construction does not exist
11.	MH-2810-01, 02, 03 and 60 have been provided	MH-2810- no sub-Major Head exists under this MH
12.	MH-2059-80-102-Maintenance and Repairs	MH-2059-80-102-Maintenance and Repairs does not exist, instead minor head 053-Maintenance and Repairs has been provided
13.	MH-2216-01-700-Other Housing	MH-2216-01-sub-Major head does not exist

Source: Information provided by office of the AG (A&E).

Similar shortcomings were also mentioned in the State Finance Audit Report (2017-18). However, cognizance of the same had not been taken by the Government.

During Exit Conference, the State Government assured that correct depiction would be made from the year 2020-21.

2.9 Conclusions and Recommendations

During 2018-19, there was an overall excess of ₹1,358.35 crore against the total grants and appropriations of ₹48,037.49 crore. The excess of ₹8,464.98 crore occurred in two grants under Capital Voted and one Appropriation under Capital Charged Section and saving of ₹7,106.62 crore occurred in 31 grants and eight appropriations. The excess of ₹8464.98 crore requires regularisation under Article 205 of the Constitution of India. Large savings indicated deficient budget estimates. Supplementary provision of ₹1,681.38 crore obtained in 42 cases proved unnecessary. Re-appropriation of funds in 124 cases was made injudiciously resulting either in savings or excesses over provisions. Departments surrendered ₹1,044.55 crore on the last working day of the financial year leaving no scope for utilising these funds for other development purposes. In one case, ₹33.78 crore was surrendered in excess of actual savings.

The State Government may assess the savings/excess and surrender the amount well before the close of the financial year so that they can be effectively utilised in other areas/ schemes. It may obtain adequate funds to avoid incurring of excess expenditure.

Excess expenditure amounting to ₹27,194.15 crore pertaining to the years 2005-06 to 2017-18 was yet to be regularised by the State Legislature.

The State Government may plan its expenditure budgets more rigorously so as to avoid exceeding the approved grants and appropriations.

A significant amount of ₹107.08 crore sanctioned under Contingency Fund remained un-recouped as on 31 March 2019.

Government may ensure that advances from the Contingency Fund are resorted only to meet the expenditure that is contingent in nature and also that funds drawn from the Fund are recouped on time.

Inspection of treasuries also indicated deficiencies in their functioning. Six controlling officers did not reconcile their expenditures with the Accountant General (Accounts & Entitlement), Uttarakhand. Consequently, deficiencies in classification of heads of accounts, noticed in the budgeting process of the State Government for the financial year 2018-19, could not be pre-empted.

The State Government may consider issuing directions to the Controlling Officers to timely/periodically reconcile their expenditure with the Accountant General (Accounts & Entitlement).

