

## CHAPTER II : APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### Appropriation Accounts at a glance – 2001-2002

The summarised position of original and supplementary grants/appropriations and expenditure thereagainst is given below :

Appropriation Accounts : Government of Meghalaya  
 Total Number of Grants/ Appropriations : 63 (58 Grants; 5 Appropriations)

### Total provision and actual expenditure

Table 2.1

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1785.15		1394.97
Supplementary	50.15		
<b>Total Gross provision</b>	<b>1835.30</b>	<b>Total Gross expenditure</b>	<b>1394.97</b>
Deduct – Estimated recoveries in reduction of expenditure	...	Deduct – Actual recoveries in reduction of expenditure	...
<b>Total Net Provision</b>	<b>1835.30</b>	<b>Total Net Expenditure</b>	<b>1394.97</b>

### Voted and Charged provision and expenditure

Table 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1226.78	165.39	1020.23	136.70
Capital <sup>(a)</sup>	360.85	82.28	202.85	35.19
<b>Total: Gross</b>	<b>1587.63</b>	<b>247.67</b>	<b>1223.08</b>	<b>171.89</b>
Deduct – Recoveries in reduction of expenditure	...	...	...	...
<b>Total : Net</b>	<b>1587.63</b>	<b>247.67</b>	<b>1223.08</b>	<b>171.89</b>

### Appropriation and Control Over Expenditure

#### 2.1 Introduction

2.1.1 In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State

<sup>(a)</sup> Included Loans and Advances and Public Debt.

Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the state. The Appropriation Bill passed by the State Legislature contains the authority to appropriate certain sums from the Consolidated Fund of the state for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

2.1.2 The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the state. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government *vis-a-vis* those authorised by the Appropriation Act.

2.1.3 The objective of appropriation audit is to ascertain whether the expenditure actually 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

2.2.1 The summarised position of actual expenditure, excess and savings during 2001-2002 against the grants/appropriations was as follows :-

**Table 2.3**

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	1189.52	37.26	1226.78	1020.23	(-) 206.55
	II. Capital	265.43	11.37	276.80	159.85	(-) 116.95
	III. Loans and Advances	82.60	1.45	84.05	43.00	(-) 41.05
<b>Total Voted</b>		<b>1537.55</b>	<b>50.08</b>	<b>1587.63</b>	<b>1223.08</b>	<b>(-) 364.55</b>
Charged	IV. Revenue	165.32	0.07	165.39	136.70	(-) 28.69
	V. Capital	...	...	...	...	...
	VI. Public Debt	82.28	...	82.28	35.19	(-) 47.09
<b>Total Charged</b>		<b>247.60</b>	<b>0.07</b>	<b>247.67</b>	<b>171.89</b>	<b>(-) 75.78</b>
Appropriation to Contingency Fund (if any)		...	...	...	...	...
<b>Grand Total</b>		<b>1785.15</b>	<b>50.15</b>	<b>1835.30</b>	<b>1394.97</b>	<b>(-) 440.33</b>

*Excess over provision relating to previous years requiring regularisation*

2.2.2 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.600.42 crore for the years 1971-72 to 2000-2001 was yet to be regularised. The details are as under:-

**Table 2.4****(Rupees in crore)**

Year	Number of grant/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1971-72	4	64,79,80,88	0.08
1972-73	3/1	12,16,71/ Interest on Debt and other obligations	0.26
1973-74	3	10,30,64	0.01
1974-75	4	13,15,29,54	0.05
1975-76	3/2	13,29,82/Governor, Public Works	0.07
1976-77	4/1	29,32,54,62/Interest Payment	0.10
1977-78	3/1	7,13,54/Governor	0.07
1978-79	2	3,22	0.05
1979-80	2	13,22	0.03
1980-81	4/1	13,20,30,39/Governor	0.09
1981-82	7/1	13,14,20,28,31,34,37/Governor	0.37
1982-83	15/2	3,5,14,16,19,20,22,24,26,27,28,31,37,46,55/Governor, Administration of Justice	8.66
1983-84	14/1	3,8,9,16,19,24,27,28,31,37,40,45,46,56/ Public Service Commission	7.74
1984-85	13	9,10,18,20,22,24,25,27,30,43,58,59,64	8.89
1985-86	11/2	7,8,17,18,24,27,29,37,38,58,64/ Administration of Justice, Loans and Advances from Central Government	5.88
1986-87	10	7,8,9,24,25,27,29,39,55,56	0.95
1987-88	12/1	1,11,13,16,20,24,28,36,38,48,54,57/ Public Service Commission	3.06
1988-89	10/1	9,15,16,20,24,36,44,45,54,57/ Public Service Commission	1.52
1989-90	12/2	8,11,16,22,24,29,36,41,44,45,48,54/ Police, Roads and Bridges	6.37
1990-91	11	9,16,18,24,26,28,36,37,53,54,58	3.21
1991-92	14	5,7,8,9,16,18,24,26,30,33,36,54,57, 61	3.88
1992-93	13/2	5,7,8,9,13,16,20,24,26,33,49,54,57/ Internal Debt of State Government, Governor	34.31

Year	Number of grant/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1993-94	9/3	6,8,20,24,26,27,40,53,56/ Internal Debt of State Government, Loans and Advances, Public Service Commission	264.26
1994-95	4/3	20,24,53,60/Interest Payment, Public Service Commission, Internal Debt	183.34
1995-96	7/3	1,14,24,27,47,53,56/Parliament/ State/Union Territory Legislature, Police, Water Supply and Sanitation	12.71
1996-97	16/2	1,3,5,7,9,14,16,20,21,22,24,29,36, 41,53,56/Governor, Administration of Justice	9.83
1997-98	12/1	1,6,7,8,9,15,16,18,20,24,25,56/ Governor	8.10
1998-99	5	1,2,6,11 and 24	22.82
1999-2000	3/1	9,16,18/Governor	2.65
2000-2001	4/3	1, 16, 40, 56/1, 2, 4	11.06
			<b>600.42</b>

### 2.3 Results of Appropriation Audit

2.3.1 The overall saving of Rs.440.33 crore was the result of saving of Rs.442.09 crore in 64 cases of grants and appropriations offset by excess of Rs.1.76 crore in three cases of grants and two cases of appropriations.

2.3.2 Supplementary provision made during the year constituted 2.81 per cent of the original provision as against 7.9 per cent in the previous year.

#### *Unnecessary/Excessive/Insufficient Supplementary Provision*

2.3.3 Supplementary provision of Rs.27.95 crore made in 25 cases during the year proved unnecessary in view of aggregate saving of Rs.121.35 crore as detailed in Appendix III.

2.3.4 In four cases, against additional requirement of Rs.9.79 crore, supplementary grants of Rs.12.56 crore were obtained resulting in saving in each case exceeding Rs.10 lakh, aggregating Rs.2.76 crore. Details of these cases are given in Appendix IV.

2.3.5 In one case, supplementary provision of Rs.1.13 crore proved insufficient by more than Rs.10 lakh leaving an uncovered excess expenditure of Rs.0.88 crore as per details given in Appendix V.

2.3.6 In 38 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in Appendix VI.

***Persistent savings***

2.3.7 In 13 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in Appendix VII.

***Excess requiring regularisation***

2.3.8 The excess of Rs.1.76 crore under three cases of grants and two cases of appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in Appendix VIII.

***Excessive/unnecessary/injudicious re-appropriation of funds***

2.3.9 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. Cases where injudicious re-appropriation of funds that resulted in excess/savings by over Rs.10 lakh are given in Appendix IX.

***Expenditure without provision***

2.3.10 As envisaged in the budget manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was noticed that, taking into account the expenditure exceeding Rs.10 lakh, expenditure of Rs.77.03 crore was incurred in 62 cases as detailed in Appendix X without the provision having been made in original estimates/supplementary demands and no re-appropriation orders were issued.

***Anticipated savings not surrendered***

2.3.11 According to rules framed by Government, the spending 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 2001-2002 there were 48 grants/appropriations in which large savings had not been surrendered by the departments. The amount involved was Rs.187.51 crore. Details are given in Appendix XI. In 25 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.176.64 crore.

***Non-receipt of explanations for savings/excesses***

2.3.12 For the year 2001-2002, explanations for final savings/excesses were not received in respect of all the 108 heads of Accounts.

***Unreconciled expenditure***

2.3.13 Financial Rules required that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 75 Heads of Accounts (59 Controlling Officers) involving Rs.357.40 crore pertaining to 2001-2002 remained un-reconciled.

***Rush of expenditure***

2.3.14 The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The expenditure during the 4<sup>th</sup> quarter and in the month of March compared to the total expenditure ranged between 24 and 75 *per cent* in respect of nine illustrative heads of accounts as indicated in Appendix XII.

**2.4 Drawal of funds in advance of requirement**

2.4.1 State Treasury Rules, 1985 prohibit drawal of money from Treasury unless required for immediate disbursements nor should it be drawn in anticipation of demands or to prevent lapse of budget grants.

2.4.2 It was noticed in central audit that an amount of Rs.1.61 crore sanctioned (March 2000) by the State Government for implementation of 11 different animal husbandry and veterinary schemes was drawn (March 2000) from the Treasury by the Director, Animal Husbandry and Veterinary and credited to civil deposit during the same month. The entire amount was withdrawn from the civil deposit during June-September 2000 and disbursed to different District Veterinary Officers (DVO)/Sub-divisional Veterinary Officers (SDVO) in the form of bank drafts/bankers cheque during the same period. Records in support of utilisation of the amount by the respective DVOs/SDVOs were not made available to Audit (June 2002). Similarly, a sum of Rs.60 lakh drawn by the Directors, Urban Affairs (Rs.50 lakh) and Fisheries (Rs.10 lakh) in March 2000 (Rs.1 lakh) and March 2001 (Rs.59 lakh) was still lying unutilised (May 2002) in civil deposit (Rs.59 lakh) and in the form of bankers cheque (Rs.1 lakh). The details are given in Appendix XIII.

2.4.3 The drawal of funds in advance of actual requirement not only violated the codal provisions but also burdened the State finances by Rs.26.22 lakh (Appendix XIII) due to retention of Rs.1.62 crore outside Government account in the form of bank draft/bankers cheque during 2000-2002.