

**CHAPTER II**  
**APPROPRIATION AUDIT AND CONTROL**  
**OVER EXPENDITURE**

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## CHAPTER II APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### APPROPRIATION ACCOUNTS 1999-2000 AT A GLANCE

Appropriation Accounts : Government of Sikkim

Total Number of Grants : 53

#### Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	1723.14		1630.47
Supplementary	74.01		
<b>Total gross provision</b>	<b>1797.15</b>	<b>Total gross expenditure</b>	<b>1630.47</b>
Deduct-Estimated recoveries in reduction of expenditure	18.48	Deduct-Actual recoveries in reduction of expenditure	11.01
<b>Total net provision</b>	<b>1778.67</b>	<b>Total net expenditure</b>	<b>1619.46</b>

#### Voted and Charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	1507.61	77.95	1445.97	75.01
Capital	178.75	32.84	95.47	14.02
<b>Total Gross:</b>	<b>1686.36</b>	<b>110.79</b>	<b>1541.44</b>	<b>89.03</b>
Deduct-recoveries in reduction of expenditure	18.48	-	11.01	-
<b>Total Net:</b>	<b>1667.88</b>	<b>110.79</b>	<b>1530.43</b>	<b>89.03</b>

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

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 provision 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 1999-2000 against 53 grants/appropriation was as follows:

Nature of expenditure		Original grant / appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
<b>(Rupees in crore)</b>						
Voted	I.Revenue	1455.06	52.55	1507.61	1445.97*	(-) 61.64
	II.Capital	156.33	21.21	177.54	94.33	(-) 83.21
	III.Loans and Advances	1.21	Nil	1.21	1.14	(-) 0.07
<b>Total Voted</b>		<b>1612.60</b>	<b>73.76</b>	<b>1686.36</b>	<b>1541.44</b>	<b>(-)144.92</b>
Charged	IV.Revenue	77.70	0.25	77.95	75.01	(-)2.94
	V.Capital	Nil	Nil	Nil	Nil	Nil
	VI.Public Debt	32.84	Nil	32.84	14.02	(-)18.82
<b>Total Charged</b>		<b>110.54</b>	<b>0.25</b>	<b>110.79</b>	<b>89.03</b>	<b>(-)21.76</b>
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total</b>		<b>1723.14</b>	<b>74.01</b>	<b>1797.15</b>	<b>1630.47**</b>	<b>(-)166.68</b>

### 2.3 Result of Appropriation Audit

#### *(a) Excess over provision relating to previous years requiring regularisation*

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. 1.87 crore for the years 1996-97 to 1998-99 was yet to be regularised.

\* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure of Rs.11.01 crore.

\*\* At the end of March 2000, Detailed Contingent Bills were not received as required under Rules from the Drawing and Disbursing Officers in support of Rs.16.90 crore drawn on Abstract Contingent Bills. In absence of Detailed Contingent Bills, the genuineness of the expenditure could not be vouchsafed.

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Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess (Rupees in crore)	Amount for which explanations not furnished to PAC
1996-97	13	1, Governor 9,16,17,30,32,34, 36,41,45, 49 and Public Debt	0.97	0.97
1997-98	3	3, 34 and 49	0.0054	0.0054
1998-99	4	38,44,45 and Public Debt	0.89	0.89
<b>Total</b>			<b>1.8654</b>	<b>1.8654</b>

**2.3.1 (b) Excess over provision during 1999-2000 requiring regularisation**

In Revenue Section, there was an excess of Rs 36,09,320 in two grants and in Capital Section, there was an excess of Rs 8,76,373 in one grant. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Sl. No	Number and name of the grant/appropriation	Total grant /appropriation	Actual expenditure	Excess
	<b>Revenue (Voted)</b>	<b>(In Rupees)</b>		
1	11-Secretariate General Service	5,52,90,000	5,57,14,625	4,24,625
2	45-Power	27,54,35,000	27,86,19,695	31,84,695
	<b>Capital (Voted)</b>			
3	43-Rural Development	62,00,000	70,76,373	8,76,373
	<b>Total</b>	<b>33,69,25,000</b>	<b>34,14,10,693</b>	<b>44,85,693</b>

**2.3.2. Savings**

The Overall saving of Rs. 167.12 crore was the result of actual savings of Rs. 166.67 crore slightly offset by excess of Rs. 0.45 crore. The details of savings and excess are as shown below :

Section	No. of Grants	Amount of Savings	No. of Grant	Amount of Excess	Net amount of Savings
<b>(Rupees in crore)</b>					
Revenue	57	64.94	2	0.36	64.58
Capital	18	102.18	1	0.09	102.09
<b>Total</b>		<b>167.12</b>		<b>0.45</b>	<b>166.67</b>

**2.3.3 Unnecessary/Excessive Supplementary provision**

(a) Supplementary provision made during the year constituted 4 per cent of the original provision as against 5 per cent in the previous year.

(b) Supplementary provision of fund amounting to Rs. 8.42 crore made in 15 cases during the year where the expenditure did not even come up to the level of original provision is detailed in **Appendix I**.

### **2.3.4 Unutilised Provision and surrender thereof**

Rules required that all savings should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure. Saving should not be held in reserve for possible future excess expenditure.

In the accounts for the year 1999-2000, it was noticed that against overall saving of Rs.166.67 crore, the amount surrendered was Rs. 128.66 crore at the fag end of financial year.

### **2.3.5 Anticipated savings not surrendered**

Unutilised provisions of fund amounting to Rs.8.05 crore in six cases were not surrendered during the year. The details are given below:

Sl.No.	Number and Name of Grant		Amount
			(Rupees in crore)
1.	1	State Legislature (Revenue)	0.02
2.	22	Sports and Youth Services (Revenue)	0.05
3.	44	Irrigation and Flood Control (Revenue)	7.33
4.	50	Other Scientific Research (Revenue)	0.15
5	51	Secretariat Economic Services (Capital)	0.43
6	53	Loans to Government Servant (Capital)	0.07
		<b>Total</b>	<b>8.05</b>

### **2.3.6 Surrender less than actual savings**

Against the unutilised provisions of fund amounting to Rs. 92.58 crore in 34 cases, an amount of Rs. 59.98 crore only was anticipated and surrendered on the last day of financial year as detailed in **Appendix II**.

### **2.3.7 Surrender in excess of actual savings**

Against the actual savings of Rs. 62.35 crore in 8 cases, an amount of Rs. 64.23 crore was surrendered by the Government during the year i.e., an amount of Rs. 1.88 crore was surrendered in excess as detailed in **Appendix III**.

### **2.3.8 Persistent Savings**

Persistent savings of 10 per cent and above were noticed in the 9 cases during the last three years as detailed in **Appendix IV**.

### **2.3.9 Unutilised Provision**

Savings in the grants/appropriation were indicative of the defective budget estimation and a tendency of the concerned department to overestimate their requirement of fund. Scrutiny of Appropriation Accounts revealed that approved budget provisions were excessive and there were savings of more than Rs.10 lakh in each case as detailed in **Appendix V**.

### 2.3.10 Injudicious/irregular/ inadequate re-appropriation

Re-appropriation is transfer of fund within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. Financial Rules enjoin that re-appropriation of fund shall be made only when it is known or anticipated that the reappropriation from the unit from which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation for the said amount. Further, fund shall not be re-appropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings became available under other units later in the year.

Scrutiny of reappropriation orders revealed non-observance of the rules resulting in incorrect reappropriation. Some important instances involving injudicious/ irregular/in-adequate re-appropriations are given in **Appendix VI**.

### 2.3.11 Trend of recoveries and credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. While appropriation audit is done by comparing gross expenditure with gross amount of grant, the excess/shortfall indicates inaccurate estimation of recoveries and defective budgeting.

During the year 1999-2000, against the estimated recoveries of Rs.1847.51 lakh, actual recoveries were Rs.1100.64 lakh as shown in **Appendix VII**.

### 2.3.12 Expenditure without provision

As per rules, no expenditure should be incurred on a scheme/service without provision of funds therefor. It was however noticed that expenditure of Rs.4.79 lakh was incurred in 3 cases as detailed below without the provision having been made in the original estimates/supplementary demands and no reappropriation orders were issued:

Sl.No.	Major Head/Name of Grant	Amount (Rupees in lakh)
1	<b>2506- Land Reforms</b> 103- Maintenance of Land Records 70- Agrarian Studies and Computerisation of Land Records	0.10
2	<b>2403- Animal Husbandry</b> 113- Administrative Investigation and Statistics 89- Undertaking of Quinquennial Census	1.94
3	<b>4851- Capital out lay on village and Small Industries</b> 102- Small Scale Industries 70- Building	2.75
	<b>Total</b>	<b>4.79</b>