

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2001-2002 AT A GLANCE

The summarised position of original and supplementary grants/ appropriation and expenditure thereto is given below:

Appropriation Accounts : Government of Sikkim
Total Number of Grants/Appropriations : 45 (43 Grants, 2 Appropriation)

Total provision and actual expenditure

Table-2.1

(Rupees in crore)

Provision		Expenditure	
Original	1058.64	Expenditure	1918.68
Supplementary	96.77		
Total gross provision	1155.41	Total gross expenditure	1918.68
Deduct-Estimated recoveries in reduction of expenditure	12.25	Deduct-Actual recoveries in reduction of expenditure	10.03
Total net provision	1143.16	Total net expenditure	1908.65

Voted and Charged provision and expenditure

Table-2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	778.52	93.72	1579.45	94.11
Capital	246.18	36.99	210.92	34.20
Total Gross	1024.70	130.71	1790.37	128.31
Deduct-recoveries in reduction of expenditure	12.25	-	10.03	-
Total Net	1012.45	130.71	1780.34	128.31

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 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.

2.1.2 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

2.2.1 The summarised position of actual expenditure during 2001-2002 against 45 grants/appropriation was as follows:

Table-2.3

(Rupees in crore)

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	I. Revenue	731.82	46.70	778.52	1579.45 ^ψ	(+)800.93
	II. Capital	196.13	49.64	245.77	210.73	(-)35.04
	III. Loans and Advances	0.41	Nil	0.41	0.19	(-)0.22
	Total Voted	928.36	96.34	1024.70	1790.37	
Charged	IV. Revenue	93.33	0.39	93.72	94.11	(+) 0.39
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	36.96	0.03	36.99	34.20	(-) 2.79
Total Charged		130.29	0.42	130.71	128.31	
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total		1058.65	96.76	1155.41	1918.68^κ	(+) 763.27

^ψ These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure of Rs. 10.03 crore.

^κ At the end of March 2002, detailed contingent bills were not received as required under Rules from the DDOs in support of Rs. 14.59 crore drawn on abstract contingent bills. In the absence of DC Bills, the genuineness of the expenditure could not be vouchsafed.

2.3 Result of Appropriation Audit

Excess over provision relating to previous years requiring regularisation

2.3.1 As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs. 2.08 crore for the years 1998-99 to 2000-01 was yet to be regularised.

Table-2.4

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
1998-99	4	38,44,45, & Public Debt	0.89	0.89
1999-00	6	11,43,45	0.45	0.45
2000-01	5	1,36,39, Public debt and Governor	0.74	0.74
Total			2.08	2.08

Excess over provision during 2001-02 requiring regularisation

2.3.2 In revenue section, there was an excess of Rs. 868,30,00,044 in one grant and one appropriation and in capital section, there was an excess of Rs. 20,13,794 in four grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table 2.5

(In rupees)

Sl. No.	No & Name of grant/appropriation	Total Grant/ Appropriation	Actual expenditure	Excess
	Revenue			
1	10- Finance (Charged) 10- Finance (Voted)	89,78,77,000 217,09,02,000	90,48,02,039 1084,60,83,263	6925039 8675181263
2	Governor (charged)	135,28,000	144,21,742	893742
		Total Revenue		868,30,00,044
	Capital			
3	5- Culture (voted)	2,10,00,000	2,18,55,087	855087
4	20- Irrigation & Flood Control (Voted)	5,06,00,000	5,15,88,224	988224
5	30- Planning & Development (Voted)	4,62,73,000	4,64,33,078	160078
6	41- Tourism (Voted)	2,20,66,000	2,20,76,405	10405
		Total Capital		20,13,794
		Grand Total		868,50,13,838

2.3.3 The substantial amount of excess over provision amounting to Rs. 867.92 crore occurred under M.H 2075 –103- State Lotteries and was attributed to revision of lottery schemes during the year which caused more expenditure on printing and supply of lottery tickets and this could not be envisaged by the Government at the time of preparation of budget estimate by the Finance Department.

Excess

2.3.4 The ultimate net excess of Rs. 763.27 crore was the result of gross overall excess of Rs. 868.50 crore slightly offset by savings of Rs. 105.23 crore. The net excess constituted 66 *per cent* of the total budgeted fund including supplementaries. The details of savings and excess are as shown below:

Table-2.6*(Rupees in crore)*

Section	No. of Grant/ Appropriation	Amount of Excess	No. of Grant/ Appropriation	Amount of Savings	Net amount of Savings (-) /Excess (+)
Revenue	2	868.30	43	66.98	(+) 801.32
Capital	4	0.20	24	38.25	(-) 38.05
Total		868.50		105.23	(+) 763.27

Unnecessary/Excessive Supplementary provision

2.3.5 Supplementary provision made during the year constituted 9.14 *per cent* of the original provision as against 9.5 *per cent* in the previous year. Supplementary provision of fund amounting to Rs.28.68 crore was made in 10 cases during the year where the expenditure did not even come up to the level of original provision is detailed in **APPENDIX-I**.

Unutilised Provision and surrender thereof

2.3.6 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.

2.3.7 In the accounts for the year 2001-02, it was noticed that against gross saving of Rs.105.23 crore, the amount surrendered excluding the cases where there were no savings, was Rs.57.88 crore, at the fag end of financial year.

Anticipated savings not surrendered

2.3.8 Unutilised provisions of fund amounting to Rs. 4.82 crore in 9 cases were not surrendered during the year. The details are given below:

Table-2.7

(Rupees in crore)

Sl.No.	Grant No.	Name	Amount
Revenue			
1	19	Information & Technology	0.01
2	20	Irrigation & Flood Control	2.18
3	25	Legislature	0.07
4	26	Mines & Geology	0.02
Capital			
1	17	Industries	1.00
2	18	Information & Public Relation	0.05
3	19	Information Technology	0.07
4	23	Land Revenue	0.02
5	31	Police	1.40
	Grand Total		4.82

Surrender less than actual savings

2.3.9 Against the unutilised provisions of fund amounting to Rs.84.93 crore in 39 cases, an amount of Rs.43.15 crore only was anticipated and surrendered on the last day of financial year as detailed in **APPENDIX-II**.

Surrender in excess of actual savings

2.3.10 Against the actual savings of Rs.3.90 crore in 5 cases, the Government during the year surrendered an amount of Rs.4.07 crore i.e. an amount of Rs. 0.17 crore was surrendered in excess as detailed in **APPENDIX-III**.

Persistent Savings

2.3.11 Persistent savings of 10 *per cent* and above were noticed in 6 cases during the last three years as detailed in **APPENDIX-IV**.

Unutilised Provision

2.3.12 Savings in the grants/appropriation were indicative of defective budget estimation and a tendency of the concerned department to overestimate their requirement of funds. Scrutiny of Appropriation Accounts revealed that approved budget provisions were excessive and there were savings of more than Rs.10 lakh and also more than 10 *per cent* of the total provision in each case as detailed in **APPENDIX-V**.

Injudicious/irregular/inadequate re-appropriation

2.3.13 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 re-appropriation 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, funds 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.

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

Trend of recoveries and credits

2.3.15 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.

2.3.16 During the year 2001-02, against the estimated recoveries of Rs12.25 crore, actual recoveries were Rs.10.03 crore as shown in **APPENDIX-VII**.