

## **CHAPTER II**

# **FINANCIAL MANAGEMENT AND BUDGETARY CONTROL**

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### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 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 2014-15 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	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/Excess (+)	Amount surrendered (Amount Surrendered on 31 March)	Percentage of savings surrendered by 31 March
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Voted</b>							
Revenue	7228.51	1939.60	9168.11	6786.35	- 2381.76	590.67 (590.67)	24.80
Capital	1742.33	803.30	2545.63	1332.97	- 1212.66	659.85 (659.85)	54.41
Loans and Advances	12.20	0.00	12.20	0.34	-11.86	0.01 (0.01)	0.08
<b>Sub-total Voted</b>	<b>8983.04</b>	<b>2742.90</b>	<b>11725.94</b>	<b>8119.66</b>	<b>-3606.28</b>	<b>1250.53 (1250.53)</b>	<b>34.68</b>
<b>Charged</b>							
Revenue	462.08	13.47	475.55	491.71	16.16	0 (0)	0
Capital	0	0	0	0	0	0 (0)	0
Public Debt-Repayment	242.71	34.36	277.07	273.24	-3.83	0 (0)	0
<b>Sub-total Charged</b>	<b>704.79</b>	<b>47.83</b>	<b>752.62</b>	<b>764.95</b>	<b>12.33</b>	<b>0 (0)</b>	<b>0</b>
Appropriation to Contingency Fund	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>9687.83</b>	<b>2790.73</b>	<b>12478.56</b>	<b>8884.61</b>	<b>-3593.95</b>	<b>1250.53 (1250.53)</b>	<b>34.8</b>

(Source: Appropriation Accounts)

During 2014-15, an expenditure of ₹ 8884.61 crore was incurred against a total budget provision of ₹ 12478.56 crore resulting in overall saving of ₹ 3593.95 crore. The overall saving of ₹ 3593.95 crore was the net result of saving of ₹ 3613.91 crore in 49 Grants and two Appropriations under Revenue Section and 28 Grants and one Appropriation under Capital Section, offset by excess of ₹ 19.96 crore in one Grant (Grant no. 22: Public Health Engineering) and one Appropriation (Appropriation No. 2: Interest Payment and Debt Services) under Revenue Section.

Substantial savings occurred in Planning (Revenue voted) (₹ 626.85 crore), Community and Rural Development (Revenue voted) (₹ 593.58 crore), Education (Revenue voted) (₹ 401.64 crore), Planning (Capital voted) (₹ 356.94 crore) and IFCD (Capital voted) (₹ 301.91 crore).

Excess expenditure occurred mainly in Appropriation No. 2: Interest Payment and Debt Services (₹ 19.95 crore) and Grant No. 22: Public Health Engineering (₹ 1.55 lakh), both under Revenue Charged.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit shows that in 59 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**. It can be seen that no expenditure were incurred in case of 2 Grants<sup>1</sup> under Capital Heads though provisions were made in the budget. There were 17 cases<sup>2</sup> where Savings were 50 per cent and above of the total provision in each case. Against the total savings of ₹ 3593.95 crore, savings of ₹ 2983.05 crore (83 per cent) occurred in 13 cases relating to 12 Grants, 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	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Saving
<b>Revenue voted</b>						
1	7 – Police	1014.68	39.46	1054.13	968.66	85.47
2	10 – Education	1040.35	412.21	1452.56	1050.92	401.64
3	14 – Department of Tribal Affairs, Hills and Scheduled Caste Development	452.59	131.35	583.94	516.27	67.67
4	20 – Community and Rural Development	811.90	319.71	1131.61	538.03	593.58
5	21 – Commerce and Industries	75.77	50.67	126.45	60.09	66.36
6	30 – Planning	723.73	--	723.73	96.88	626.85
7	44 – Social Welfare Department	155.16	204.21	359.37	165.62	193.75
<b>Sub-total</b>		<b>4274.18</b>	<b>1157.61</b>	<b>5431.79</b>	<b>3396.47</b>	<b>2035.32</b>
<b>Capital voted</b>						
8	8 – Public Works Department	85.31	298.19	383.50	279.09	104.42
9	17 – Agriculture	58.13	--	58.13	2.04	56.09
10	23 – Power	17.80	77.04	94.84	42.69	52.14
11	30 – Planning	457.43	--	457.43	100.49	356.94
12	36 – Minor Irrigation	87.20	24.60	111.80	35.57	76.23
13	40 – IFCD*	453.57	--	453.57	151.66	301.91
<b>Sub-total</b>		<b>1159.44</b>	<b>399.83</b>	<b>1559.27</b>	<b>611.54</b>	<b>947.73</b>
<b>Total</b>		<b>5433.62</b>	<b>1557.44</b>	<b>6991.06</b>	<b>4008.01</b>	<b>2983.05</b>

\* Irrigation and Flood Control Department  
(Source: Appropriation Accounts)

It is seen from the above table that in 8 cases (excepting Sl. No. 2, 3, 7, 8 and 10) the actual expenditure was less than the original provision in each case.

<sup>1</sup> Grant No. 13 – Labour and Employment (Sl. No. 42) and Grant No. 15 – Consumers Affairs, Food and Public Distribution (Sl. No. 44) both under Capital Voted

<sup>2</sup> Grants No. 20, 21, 30, 44 (Revenue Voted), Grants No. 8 (Revenue Charged), and Grants No. 1, 2, 5, 13, 15, 17, 23, 30, 36, 39, 40 and 44 (Capital Voted)

Further, in seven cases viz. Education (₹ 401.64 crore), Community and Rural Development (₹ 593.58 crore), Planning (₹ 626.85 crore) and Social Welfare (₹ 193.75 crore), under Revenue Voted, Public Works Department (₹ 104.42 crore), Planning (₹ 356.94 crore) and Irrigation and Flood Control Department (₹ 301.91 crore) under Capital Voted, there was saving of more than ₹ 100 crore in each case.

### **2.3.2 Expenditure without provision**

Expenditure should not be incurred on a scheme/service without provision of funds. Audit noticed that expenditure of ₹ 3.38 crore was incurred in 10 cases (**Appendix 2.2**) without any provision of funds in the original estimates/supplementary demand. Out of expenditure of ₹ 3.38 crore without provision, ₹ 79.99 lakh (23.89 per cent) was incurred by Public Works Department under Special Plan Assistance (Hill)<sup>3</sup>.

### **2.3.3 Persistent savings**

There were 18 cases where persistent savings had occurred during the last five years i.e. 2010-11 to 2014-15. Of these, 11 cases pertained to Revenue Voted accounts and the remaining 7 cases under Capital voted accounts. The details are given **Appendix 2.3**. In 2 cases<sup>4</sup>, during the last five years (2010-15) there were persistent savings of more than ₹ 50 lakh and above in each case. Out of these, persistent savings in respect of one case<sup>5</sup> was more than ₹ two crore during the period 2010-15.

### **2.3.4 Drawal of funds at the fag 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 26 cases mentioned in **Appendix 2.4**, ₹ 272.62 crore drawn at the fag end of the year during March 2015 were deposited into the head of account “8449-Other Deposits” and the amount remained parked in this accounts at close of 2014-15.

### **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

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<sup>3</sup> Sl. No. 1 of Appendix 2.2, under Grant No. 8

<sup>4</sup> Sl. No. 1 and 5 of Appendix 2.3

<sup>5</sup> Functional building (Sl. No.5)

PAC for regularization in its 39<sup>th</sup> Report. However, action for the regularization of the excess expenditure is yet to be initiated (October 2015) by the State Government. Excess expenditure amounting to ₹ 911.32 crore for the years 2012-13 and 2013-14 were yet to be examined (October 2015) by the PAC. The detail of excess expenditure during 2010-14 is shown at **Appendix 2.5**. 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 2015)
2010-11	6	1	62.42	Recommended for regularization vide 39 <sup>th</sup> 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-
<b>Total:</b>	<b>20</b>	<b>7</b>	<b>1063.12</b>	

(Source: Appropriation Accounts)

### 2.3.6 Excess expenditure incurred during 2014-15

The following table contains the summary of total excess over provisions in two cases amounting to ₹ 19.96 crore from the Consolidated Fund of the State during 2014-15 and requires regularization under Article 205 of the Constitution. The excess expenditure incurred during 2014-15 is shown in the following table:

**Table 2.4: Excess over provisions during 2014-15 requiring regularization**

(in ₹)

Sl. No.	Number and title of Grant/Appropriation	Total provision	Expenditure	Excess
<b>Revenue Charged</b>				
1	Appropriation No. 2 - Interest Payment & Debt Services	453,23,66,000	473,18,59,000	19,94,93,000
<b>Sub Total</b>		<b>453,23,66,000</b>	<b>473,18,59,000</b>	<b>19,94,93,000</b>
<b>Capital Voted</b>				
2	22 – Public Health Engineering	62,74,62,000	62,76,17,000	1,55,000
<b>Sub Total</b>		<b>62,74,62,000</b>	<b>62,76,17,000</b>	<b>1,55,000</b>
<b>Total</b>		<b>515,98,28,000</b>	<b>535,94,76,000</b>	<b>19,96,48,000</b>

(Source: Appropriation Accounts)

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating to ₹ 523.20 crore in 20 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision. Out of these, in eight cases unnecessary supplementary

provisions provided exceeded ₹ 10 crore viz., Police (₹ 39.46 crore), Municipal Administration, Housing and Urban Development (₹ 10.63 crore), Animal Husbandry and Veterinary including Dairy Farming (₹ 17.24 crore), Community and Rural Development (₹ 319.71 crore), Commerce and Industries (₹ 50.67 crore) under Revenue Voted and Police (₹ 24.94 crore), Minor Irrigation (₹ 24.60 crore) and Social Welfare Department (₹ 22.49 crore) under Capital Voted. The details are given in the following table:

**Table 2.5: Statement showing unnecessary supplementary provision**

(₹ in lakh)

Sl. No.	Number and name of Grant/Appropriation	Original provision	Expenditure	Savings out of Original Provision	Supplementary
(1)	(2)	(3)	(4)	(5)(3-4)	(6)
<b>Revenue voted</b>					
1	3 - Secretariat	7152.68	6408.04	744.64	110.24
2	4 - Land Revenue, Stamps & Registration and District Administration	7414.68	7070.68	344.00	327.98
3	7 - Police	101467.64	96866.09	4601.55	3945.71
4	8 - Public Works Department	23047.62	18681.10	4366.52	147.83
5	12 - Municipal Administration, Housing and Urban Development	5679.64	5554.71	124.93	1062.66
6	13 - Labour and Employment	1546.35	1342.33	204.02	61.38
7	18 - Animal Husbandry and Veterinary including Dairy Farming	8967.10	7062.51	1904.59	1723.67
8	20 - Community and Rural Development	81190.11	53803.15	27386.96	31970.91
9	21 - Commerce and Industries	7577.49	6008.50	1568.99	5067.25
10	24 - Vigilance Department	291.16	290.32	0.84	4.14
11	26 - Administration of Justice	2437.81	2142.59	295.22	498.14
12	27 - Election	1585.07	1468.47	116.60	3.96
13	33 - Home Guards	1057.08	1005.51	51.57	2.13
14	41 - Art and Culture	2108.46	2078.07	30.39	51.54
15	46 - Science and Technology	598.95	586.83	12.12	8.34
16	49 - Economics and Statistics	1633.71	1488.52	145.19	112.60
<b>Revenue Charged</b>					
17	Appropriation No. 1 - Governor	382.32	365.14	17.18	18.50
<b>Capital Voted</b>					
18	7 - Police	5473.00	4792.36	680.64	2494.36
19	36 - Minor Irrigation	8720.00	3556.53	5163.47	2459.88
20	44 - Social Welfare Department	15.00	7.50	7.50	2249.10
<b>Total</b>		<b>268345.87</b>	<b>220578.95</b>	<b>47766.92</b>	<b>52320.32</b>

(Source: Appropriation Accounts)

In two cases, supplementary provision of ₹ 14.12 crore was insufficient and there was an aggregate excess expenditure of ₹ 19.96 crore. Details are given in the following table:

Table 2.6: Statement showing major cases of insufficient supplementary provision  
(₹ in lakh)

Number and Title of Grant and Appropriation	Original	Supplementary	Total	Expenditure	Excess
<b>Revenue Charged</b>					
Appropriation No. 2 - Interest Payment & Debt Services	44500.93	822.73	45323.66	47318.59	1994.93
<b>Revenue Voted</b>					
22 - Public Health Engineering	5685.82	588.80	6274.62	6276.17	1.55
<b>Total</b>	<b>50186.75</b>	<b>1411.53</b>	<b>51598.28</b>	<b>53594.76</b>	<b>1996.48</b>

(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. Injudicious re-appropriation proved insufficient by ₹ one crore or more in each case and resulted in excess expenditure of ₹ 175.36 crore<sup>6</sup> in 25 sub-heads (Sl. Nos. 98 to 122 of **Appendix 2.6**). Injudicious re-appropriation also proved excessive by ₹ one crore or above in 97 sub-heads (Nos. 1 to 97 of **Appendix 2.6**) resulting in savings of ₹ 958.58 crore. This resulted in overall savings of ₹ 783.22 crore in these 122 sub-heads as detailed in **Appendix 2.6**.

Despite re-appropriation, there were savings of more than ₹ 50 crore in three cases *viz.* two in Education (₹ 227.76 crore under Major Head (MH) - 2202.01.800.82 (Valley) at Sl. No. 31 and ₹ 59.97 crore under MH - 2202.03.800.17[CSS (V)] at Sl. no. 37) and one in Irrigation and Flood Control Department ₹ 52.58 crore under MH - 4700.03.800.11 (Valley) at Sl. No. 85). On the excess side, there were two cases in which excess of expenditure exceeded more than ₹ 20 crore *viz.*, Grant No. 10 – Education (₹ 47.96 crore under MH - 2202.01.800.13[CSS (V)] of Sl. No. 107 and Grant No. 20 – Community and Rural Development (₹ 34.78 crore under 2575.02.800.16(Hill) at Sl. No. 114)

### 2.3.9 Substantial surrenders

Substantial surrenders exceeding ₹ 10 crore and more than 25 *per cent* of the Total Provision<sup>7</sup> in each case were made in respect of 9 sub-heads. An amount of ₹ 1230.60 crore (76 *per cent* of the Provisions) was surrendered in these 9 cases. This constituted 98 *per cent* of the Total amount of ₹ 1250.53 crore surrendered in 2014-15. The details are given in **Appendix 2.7**.

<sup>6</sup> These excess pertains to sub-heads level, and not for the whole grant/appropriation

<sup>7</sup> Original and Supplementary



In one case/scheme/programme under Planning, the whole provision amounting to ₹ 300 crore was surrendered. Surrender of 100 *per cent* of fund involving ₹ 300 crore is a matter of concern and indicates that fund provisions had been made without adequate planning and due consideration of requirements.

### **2.3.10 Surrenders in excess of actual saving**

In one case, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in the department. Against savings of ₹ 85.35 lakh, the surrendered amount was ₹ 131.02 lakh resulting in excess surrender of ₹ 45.67 lakh as shown in the following table:

**Table 2.7: Case of surrender in excess of savings**

<i>(₹ in lakh)</i>						
Sl. No.	Grant No.	Total provision	Expenditure	Saving	Surrender	Amount surrendered in excess
1	Grant No. 6: Transport	711.52	626.17	85.35	131.02	45.67
<b>Total</b>		<b>711.52</b>	<b>626.17</b>	<b>85.35</b>	<b>131.02</b>	<b>45.67</b>

(Source: Appropriation Accounts)

### **2.3.11 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 2014-15, no part of savings in 40 Grants/Appropriations (61 cases) was surrendered by the concerned Departments. The amount involved in these cases was ₹ 2100.07 crore (58.43 *per cent* of the overall savings of ₹ 3593.95 crore) (**Appendix 2.8**). It is observed that in four cases, savings exceeded ₹ 100 crore but no part of which was surrendered *viz.*, Education (₹ 401.63 crore – Sl. No. 7 of the **Appendix 2.8**), Community and Rural Development (₹ 593.58 crore – Sl. No. 14 of the **Appendix 2.8**), Social Welfare Department (₹ 193.75 crore - Sl. No. 28 of the **Appendix 2.8**) under Revenue Voted and Public Works Department (₹ 104.42 crore – Sl. No. 45 of **Appendix 2.8**) under Capital Voted.

Similarly, out of savings of ₹ 3199.49 crore under 35 Grants/Appropriations (50 cases) where saving was ₹ one crore and above in each case, only ₹ 847.90 crore pertaining to eight Grants<sup>8</sup> could be surrendered leaving an un-surrendered balance savings of ₹ 2351.59 crore (73 *per cent*). Details are given in **Appendix 2.9**.

<sup>8</sup> Grants Nos. 12, 15, 19, 30, 39 and 43 under Revenue Voted, Grant No. 12, 17 and 40 under Capital Voted.

Besides, in 19 Grants (23 cases), ₹ 1250.54 crore were surrendered on 31 March 2015 (**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.

### **2.3.12 Rush of expenditure**

As per Rule 56 (3) of the General Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. In contravention to this, in respect of 25 cases of accounts as listed in **Appendix 2.11**, expenditure more than ₹ 10 crore and 25 *per cent* of the total expenditure for the year was incurred in March 2015. Of these, in 6 cases involving ₹ 205.95 crore<sup>9</sup>, the whole expenditure was 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**

As per Central Treasury Rules<sup>10</sup>, 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 2003-15 was ₹ 2134.68 crore against the amount of AC bills of ₹ 3726.57 crore leading to an outstanding balance of 1138 AC bills of ₹ 1591.89 crore as on June 2015. Year wise details are given in the following table:

<sup>9</sup> Sl. Nos. 7, 12, 14, 30, 39 and 50 of Appendix 2.11

<sup>10</sup> Rule 308, Rule 309 & Note 4 under Rule 312

**Table 2.8: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills as on June 2015**

(₹ in crore)

Year	Amount of AC bills	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	77.65	4.88	5.91
2005-06	46.00	39.28	6.72	14.61
2006-07	149.68	107.41	42.27	28.25
2007-08	355.57	268.82	86.75	24.40
2008-09	592.34	542.31	50.03	8.45
2009-10	422.83	340.65	82.18	19.44
2010-11	354.36	184.08	170.28	48.05
2011-12	374.63	212.50	162.13	43.28
2012-13	205.80	136.81	68.99	33.52
2013-14	297.68	120.29	177.39	59.59
2014-15	810.59	91.10	719.49	88.76
<b>Total:</b>	<b>3726.57</b>	<b>2134.68</b>	<b>1591.89</b>	<b>42.72</b>

(Source: - Voucher Level Computerization data compiled by the Office of the AG (A&E), Manipur)

Department-wise pending DCC bills for the years up to 2014-15 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 of early reconciliation of AC bills.

In respect of Medical & Health Services Department 314 AC bills amounting to ₹ 425.81 crore was pending regularization as follows:-

**Table 2.9: Pendency of DCC bills in respect of Medical & Health Services Department as on June 2015**

(₹ in crore)

Year	Number of Vouchers	Amount	Reasons for which AC bills were drawn
2005-06	16	4.25	Not intimated by the Department
2006-07	23	18.42	Not intimated by the Department
2007-08	19	26.45	Not intimated by the Department
2008-09	29	12.48	Not intimated by the Department
2009-10	40	22.23	Not intimated by the Department
2010-11	88	25.12	Not intimated by the Department
2011-12	26	20.35	Not intimated by the Department
2012-13	14	56.05	Not intimated by the Department
2013-14	11	86.21	Not intimated by the Department
2014-15	48	154.25	Not intimated by the Department
<b>Total</b>	<b>314</b>	<b>425.81</b>	

(Source: - Voucher Level Computerization data compiled by the Office of the AG (A&E), Manipur)

As can be seen from the above table, out of pending DCC bills pertaining to 314 vouchers of ₹ 425.81 crore during 2005-15, maximum amount of pending AC bills pertained to 2014-15 involving 48 vouchers (15 per cent) amounting to ₹ 154.25 crore (36 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 2014-15 also. Out of 81 controlling officers (CO), 44 COs could not reconcile any of their accounts with the Office of the Accountant General (A & E), Manipur. 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 is created for parking 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 by minus debit to the relevant service heads. However, there were five PD accounts existing at the beginning of the year 2014-15 viz., Planning and Development Authority, Government Oil Depot, Apex Housing Co-operative Society, Consumer Affairs and Public Distribution and Procurement and Sale of Urea, which was not closed in the previous year (2013-14). Out of these five PD accounts, only two accounts viz. Government Oil Depot and Procurement and Sale of Urea were re-opened in two District Treasuries<sup>11</sup> with the approval of Accountant General (A & E), Manipur during 2014-15.

At the close of 31 March 2015, there were three PD accounts viz. Planning and Development Authority, Apex Housing Co-operative Society & Consumer Affairs and Public Distribution which had not been closed. These accounts had a closing balance of ₹ 1.80 crore, which was not transferred back to the respective service heads. Of these three, one account viz. Consumer Affairs and Public Distribution has been inoperative for more than one year.

<sup>11</sup> Government Oil Depot in Imphal West treasury and Procurement and Sale of Urea fertilizer (Agri) in Imphal East Treasury.

## 2.6 Outcome of review of selected grants

A review on budgetary procedure and control over expenditure was conducted (October 2015) in respect of “Grant No. 17: Agriculture”. It was noticed that against a budget provision of ₹ 178.50 crore under revenue head, the actual expenditure was ₹ 161.97 crore resulting in saving of ₹ 16.53 crore. Under capital head, against a budget provision of ₹ 58.13 crore, the actual expenditure was ₹ 2.04 crore resulting in saving of ₹ 56.09 crore, of which an amount of ₹ 3.99 crore only was surrendered. Thus, an amount of ₹ 52.10 crore remained un-surrendered.

Cases of expenditure without budget provision (one case), Excess/Unnecessary/Insufficient re-appropriation of funds (three cases) and substantial surrender exceeding ₹ one crore (one case) noticed during the review are detailed below:

**Expenditure without budget provision:** In one case, an expenditure of ₹ 50.00 lakh was incurred without budget provision. The detail is given in the following table:

**Table 2.10: Expenditure without provision**

(₹ in lakh)

Grant No.	Head of accounts	Expenditure
17	2401 (SP) - Crop Husbandry 800 – Other Expenditure 36 – Modernization of Agricultural practices in Hill Areas	50.00

SP- State Plan, V- Valley

(Source: Detailed Appropriation Accounts)

**Inadequate/unnecessary re-appropriation/surrender of funds:** There were three cases of inadequate/unnecessary re-appropriation/surrender of funds of ₹ 50 lakh and above which resulted in a total savings of ₹ 32.27 crore. Details are as shown in the following table:

**Table 2.11: Excess/Unnecessary/Insufficient re-appropriation of funds  
(Savings (-)/Excess (+))**

(₹ in lakh)

Sl. No.	Head of Account	Original	Supplementary	Re-appropriation/surrender	Total	Expenditure	Savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	2401(NP).00.001.01	1293.36	0	-53.40	1239.96	1223.76	16.20
2	2401(NP).00.001.25	935.08	0	-65.64	869.44	868.78	0.66
3	4705(SP).00.103.01(V)	3784.00	0	-370.00	3414.00	204.20	3209.80
<b>Total</b>		<b>6012.44</b>	<b>0</b>	<b>-489.04</b>	<b>5523.40</b>	<b>2296.74</b>	<b>3226.66</b>

NP - Non-Plan, SP – State Plan and V – Valley

(Source: Detailed Appropriation Accounts)

In one case, there was savings of ₹ 32.09 crore (Sl. No.3) though re-appropriation of ₹ 3.70 crore was made. In view of the saving of ₹ 32.10 crore, the re-appropriation/surrender of funds proved inadequate.

**Substantial surrender of funds:** There was substantial surrender of funds in one case during 2014-15 as shown in the following table:

**Table 2.12: Substantial surrender during 2014-15**

(₹ in crore)

Sl. No.	Name of Grant	Head of Account	Total Provision	Amount Surrendered	Percentage of Surrender
1	17 - Agriculture	4705 - Capital Outlay on Command Area Development 103 - Civil Works 01 - Command Area Development and Water Management (CADWM)	5813.00	399.00	6.86
<b>Total</b>			<b>5813.00</b>	<b>399.00</b>	<b>6.86</b>

The amount surrendered in this MH – 4705 alone amounted to ₹ 399 crore and was 6.86 per cent of the total provisions.

### 2.7 Errors in budgeting process

The following deficiencies were observed in the State budget for the year 2014-15:

**Incorrect heads of accounts:** There were 18 heads of accounts in the budget which did not conform with the list of Major and Minor Heads of Accounts. Of which, one case belonged to Major Head and 17 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**.

**Error in respect of heads of Grants-in-Aid:** In 11 cases, the detailed head of accounts were not indicated. In 10 cases, the sub-schemes were wrongly indicated under sub-head of accounts instead of Detailed head. In two cases schemes under which Grants-in-Aid were given had not been specified in the sub-head of accounts.

### 2.8 Outcome of inspection of Treasuries

The following shortcomings were observed in audit of Treasuries<sup>12</sup> during 2014-15:

**Excess payment of pension/gratuity:** During audit of four Treasuries viz. Bishnupur Treasury (period of accounts: June 2013 to May 2014), Senapati treasury (period of accounts: July 2013 to June 2014), Ukhrul Treasury (period of account: November 2013 to October 2014) and Kangpokpi Treasury (period of accounts: December 2013 to November 2014), excess payment of ₹ 58.16 lakh on account of pension/gratuity was noticed. Action taken to address these excess payments has not been intimated (October 2015) by the State Government.

**Non submission of paid vouchers:** During audit of Thoubal Treasury (period of account: July 2013 to June 2014) it was noticed that vouchers amounting to

<sup>12</sup> Conducted by Office of the Accountant General (A&E), Manipur

₹ 7.46 lakh was not submitted. Action taken in this regard has not been intimated (October 2015).

**Lapsed Deposit under Major Head ‘8449–Other Deposits’:** During the period 2014-15, there was lapsed deposit of ₹ 154.20 lakh under Major Head ‘8449 – Other Deposits’ under Lamphel Treasury. Details of these are given in **Appendix 2.15.**

## **2.9 Conclusion and recommendations**

### ***Conclusions***

During 2014-15, an expenditure of ₹ 8884.61 crore was incurred against a total budget provision of ₹ 12478.56 crore resulting in overall saving of ₹ 3593.95 crore. The overall savings was the net result of saving of ₹ 3613.91 crore offset by excess of ₹ 19.96 crore. The excess requires regularization under Article 205 of the Constitution of India. Excess expenditure (₹ 151.80 crore) for the period 2010-12 had been recommended for regularization by Public Accounts Committee (PAC). However, the excess expenditure has not been regularised. **(paras 2.2 and 2.3.5)**

Supplementary provision aggregating to ₹ 523.20 crore in 20 cases during 2014-15 proved unnecessary as the expenditure did not come up to the level of original provision. Of these, in eight cases, unnecessary supplementary provision provided exceeded ₹ 10 crore in each case. In two cases, supplementary provision of ₹ 14.12 crore was insufficient, and there was an aggregate excess expenditure of ₹ 19.96 crore. **(para 2.3.7)**

There was outstanding balance of 1138 AC bills of ₹ 1591.89 crore as on June 2015. Out of 81 Controlling Officers (CO), 44 CO did not reconcile their accounts with the Office of the Accountant General (A&E), Manipur. Errors in budgeting process like incorrect operation of heads of accounts and Grants-in-Aid were also noticed. **(paras 2.4 and 2.7)**

### ***Recommendations***

*The Government may consider to:*

- *ensure timely regularization of excess expenditure which is pending regularization, as required under Article 205 of the Constitution of India,*
- *strengthen budgetary control to avoid cases of expenditure without provision, unnecessary/ excessive/ inadequate supplementary provision and unnecessary re-appropriation of funds etc.,*
- *put in place a mechanism in the Departments to adjust the arrears drawn on AC bills within the same financial year, and*
- *ensure annual accounts are reconciled and strive to adopt error-free budgetary process.*