

CHAPTER 5

FINANCIAL MANAGEMENT

Funds are allocated to the district through the State budget for various developmental activities. In addition, funds are directly released to the DRDA and other implementing agencies for various socio-economic programmes by the State and the GoI. DRDA releases the fund to the blocks and other implementing agencies as per the approved allocation. However, the financial data in respect of flagship programmes was not available in a central place (Collector).

Based on compilation of data from the cashbooks and other books of accounts of different implementing agencies, we found that the district received funds of ₹450.17 crore for implementation of 19 socio-economic developmental flagship programmes under nine sectors during 2007-12 of which ₹333.89 crore (74 per cent) was utilized during the above period. Sector wise details were as under:

Table 4: Position of funds received and expenditure incurred in respect of certain flagship programmes

(₹ in crore)

Name of the Sector	Name of the Scheme/ programme	Opening Balance	Receipt	Total	Expenditure (percentage)	Closing Balance
Health	NRHM & other five	1.19	21.03	22.22	17.67(84)	4.55
Agriculture	RKVY, NFSM & ATMA	0.00	9.25	9.25	7.13(77)	2.12
Education	SSA, NPEGL & KGBV	0.69	72.13	72.82	39.13(54)	33.69
Food & Nutrition	ICDS	1.61	84.29	85.90	74.18(88)	11.72
Road	PMGSY	1.23	65.78	67.01	65.52(100)	1.49
Drinking water	RWSS	0.00	44.42	44.42	37.58(85)	6.84
Employment	MGNREGS	1.38	49.51	50.89	16.10(33)	34.79
Housing	IAY	0.03	26.43	26.46	21.52(81)	4.94
Electricity	RGGVY, BGJY	0.00	77.33	77.33	55.06(71)	22.27
Total		6.13	450.17	456.30	333.89(74)	122.41

(Source: Information furnished by district heads of line departments)

However, audit scrutiny revealed that the actual expenditure was less than 74 per cent shown above. The amounts drawn by the district heads of line Departments and paid to sub-district level officers for swift implementation of various activities were treated as expenditure without ensuring their actual utilization as discussed in the succeeding paragraphs.

5.1 Non-adjustment of outstanding Advances of ₹ 58.30 crore on time

As per provisions of Odisha Treasury Code (OTC) and instructions of Finance Department (December 1985 & January 2006), advances granted to Government Officials for departmental and allied purpose should not be

shown as final expenditure and required to be adjusted within one month from the date of sanction of advance by submitting detailed accounts with supporting documents and the balance refunded, failing which the amount would be treated as misappropriation. Scrutiny revealed that advances for ₹58.30 crore were lying unadjusted in six out of 21 offices for one to more than three years as indicated in the table below:

Table 5: Position of outstanding advances

(₹ in crore)

Sl. No	Name of Sector/ office	Advance as on 31.03.2012	Advances outstanding for			
			0-1 year	1-2 year	2-3 year	3 years and more
1	CDMO, Boudh	2.83	Not Available			
2	DDA, Boudh	0.26	0.16	0.05	0.02	0.03
3	SSA, Boudh	54.64	30.61	0.91	11.75	11.37
4	CDPO, Harabhanga	0.10	0	0.10	0	0
5	CDPO, Kantamal	0.39	0.39	0	0	0
6	DSWO, Boudh	0.08	0	0	0	0.08
Total		58.30	31.16	1.06	11.77	11.48

(Source: Information furnished by above departmental heads of the district)

As could be seen in respect of Chief District Medical Officer, Boudh, no year-wise analysis of the outstanding advances was made in absence of which the position of outstanding advances could not be analysed in audit. Though the officers concerned stated that expeditious steps were being taken to recoup the advances, possibility of misappropriation of funds for long unadjusted advances was very high. Further, ₹ 69.88 crore⁶, released to three implementing agencies in the shape of advance during 2007-12, was shown as expenditure in the cash books as of March 2012. Treatment of advances as final expenditure was irregular and may lead to misutilisation/misappropriation of the funds since it was already booked as final expenditure.

5.2 Submission of fictitious Utilization Certificates of ₹ 34.85 crore

As per provisions of Odisha General Financial Rules (OGFR) Utilization Certificate (UC) should be furnished by the grantee institution in Form OGFR 7A countersigned by disbursing authorities so as to reach the administrative department by 1st June of succeeding year. Audit scrutiny revealed that the offices as detailed below had submitted fictitiously UC for ₹ 34.85 crore without actual utilization of the fund as revealed during audit scrutiny as indicated in table below.

Table 6: Position of Utilisation Certificates

(₹ in crore)

Sl. No.	Name of Office	Scheme	Period	Amount for which UC furnished	Actual expenditure incurred	Amount of fictitious UC
1	DDA Boudh	RKVY	2007-11	0.48	0.45	0.03
		NFSM	2007-11	3.93	0	3.93
2	SSA Boudh	SSA	2007-10	39.13	16.01	23.12
3	DRDA	IAY	2007-11	20.96	13.19	7.77
Total				64.50	29.65	34.85

(Source: Information collected from respective offices)

⁶ 1.DSWO for ICDS ₹ 0.39 crore, 2. DPC for SSA: ₹ 23.86 crore, 3.DRDA for IAY: ₹ 4.77 Crore for NREGA: ₹ 40.86 crore.

The UCs were submitted fictitiously only to avoid the lapse of grants. As a result the very purpose of the UC, i.e. assurance against improper utilisation and diversion was defeated. It was stated by the DDOs that the UCs were submitted in anticipation of expenditure which is not acceptable since it would not reflect the correct expenditure and is contrary to cannons of financial discipline and propriety.

5.3 Irregular diversion of funds of ₹ 1.97 crore

SSA's "Manual on Financial Management and Procurement" prohibits diversion of fund to purposes other than activities under SSA. However, we found that ₹ 1.97 crore was diverted from SSA fund to National Programme for Education of Girls at Elementary Level (NPEGEL) (₹ 117.20 lakh) and to *Kasturba Gandhi Balika Vidyalaya* (KGBV) (₹ 79.39 lakh) during 2010-12. The amounts were not recouped as of March 2012 despite availability of funds under the respective programmes. This reduced the scope for utilization of funds for SSA's programme activities.

5.4 Idling of funds of ₹ 2.71 crore due to excess sanction without demand

Check of records under *Biju Gram Jyoti Yojana* (BGJY) revealed that ₹ three crore were received during 2007-09 of which ₹ 2.54 crore were utilized leaving unspent amount of ₹ 0.46 crore since 2010-11. Despite non requirement of funds under the programme since all the villages under the scheme were electrified, the Government of Odisha, Energy Department irregularly granted more funds of ₹ 2.25 crore to the Collector, Boudh during 2010-11 and 2011-12. This resulted in accumulation of funds of ₹ 2.71 crore in Personal Ledger Account of PD, DRDA, Boudh. It was a sheer lack of fund management at the level of Department of Energy as excess funds were sanctioned despite several intimations by the Collector that he did not require more funds under BGJY. The Collector also, without refunding the amount parked the funds in PD, DRDA's Personal Ledger Account, which was highly irregular.

5.5 Irregular parking of scheme funds worth ₹ 2.29 crore in non-interest bearing current account

As per Finance Department instructions (September 1997) opening and operation of Current Account in banks for transaction of Government money is prohibited. Government transactions should be operated through savings bank account as it could earn additional fund in shape of interest and used in the activities of the scheme.

Scrutiny of records revealed that ₹ 2.29 crore were kept in current account in three offices⁷ as of March 2012 in violation of the above provisions.

⁷ DSWO Boudh ₹ 99.82 Lakh, CDPO Kantamal ₹88.75 lakh and CDPO Boudh ₹ 40.36 Lakh.

5.6 Irregular parking of funds worth ₹ 24.89 lakh drawn from on line accounts

On-line fund management system was introduced by the Agriculture Department since 2011-12 in respect of RKVY scheme. In the system, funds were not actually sent to the implementing agencies but were kept centrally in unified on-line account and the implementing agencies were allowed to make payment through cheques. It was seen that ₹24.89 lakh⁸ were drawn from online accounts through self cheques by PD, ATMA Boudh irregularly and kept in bank accounts for two months. The funds were drawn irregularly in anticipation of expenditure and to avoid lapse of the grant.

The district could utilise 74 per cent (₹ 333.89 crore) of the total funds (₹450.17 crore) received. The reported expenditure were misstated as it included funds provided as advance, but shown as final expenditure (₹ 69.88 crore) and amount diverted (₹ 1.97 crore). Besides, gross irregularities were noticed in financial management as the DDOs furnished fictitious Utilisation Certificate (UC) for ₹ 34.85 crore without actual expenditure and funds were received though not required.

Recommendations

The Government should take the following measures for better financial management.

- Utilization of the fund within the time frame should be ensured;
- Codal provision to recoup the advance within a month should be strictly adhered to;
- Submission of Utilization Certificate without actual expenditure should be seriously viewed to avoid misutilisation.

⁸ Cheque No 007121/ 31.01.12- ₹ 17.50 Lakh, Cheque No 007142/ 31.03.12-₹ 1.75 lakh & Cheque No 007142/ 31.03.12- ₹ 5.64 lakh.