

Chapter 3

Financial Management and Accounting Framework

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3.1 Financial Allocation

Funds are allocated to the district through the State budget for various developmental activities. In addition, funds are placed directly with DRDC and other implementing agencies for various socio-economic programmes by the Central Government.

Funds received by the District during 2007-12 and expenditure thereagainst in respect of certain significant schemes are indicated below. Significant findings on implementation of these schemes are discussed subsequently.

Table 3.1 Receipt of funds and expenditure under major schemes during 2007-12 (Rupees in crore)

Scheme	Funds available	Expenditure incurred available	Percentage of expenditure to funds
National Rural Health Mission (NRHM)	114.28	70.65	62
Sarva Shiksha Abhiyan (SSA)	413.90	384.45	93
Mid Day Meal	159.09	129.38	81
Integrated Child Development Services (ICDS)	221.42	255.94	116
Accelerated Rural Water Supply Programme (ARWSP)	112.25	97.87	87
Indira Awaas Yojana (IAY)	202.17	201.40	99.6
Total Sanitation Campaign (TSC)	51.98	41.43	80
Pradhan Mantri Gram Sadak Yojana (PMGSY)	105.08	95.44	91
Anti Erosion Schemes (AES)	81.95	81.40	99
Bidhayak Elaka Unnayan Prakalpa (BEUP)	29.07	21.39	74
Backward Region Grant Fund (BRGF) 2007-11	73.47	69.20	94
Swarna Jayanti Gram Swarozgar Yojana (SGSY)	44.09	36.05	61
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	285.48	283.45	99
National Food Security Mission (NFSM)	6.07	3.76	62
Rashtriya Krishi Vikash Yojana (RKVY)	5.73	3.56	62
Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY)	108.89	91.50	84
Integrated Housing & Slum Development Programme (IHSDP) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) - English Bazar Municipality	16.74	9.02	54

Source: Records of nodal agencies of the respective schemes

It may be seen that level of expenditures under SSA, ICDS, AES, IAY, PMGSY, BRGF and NREGS were more than 90 per cent, while spending on NRHM, SGSY, NFSM, RKVY and IHSDP was on the lower side (less than 70 per cent). The status of actual utilisation of funds as observed in course of test check of records of relevant implementing agencies have been discussed in details under the relevant schemes.

3.2 Parking of funds

It was seen that funds amounting to ₹ 32.50 crore¹ released for implementation of various schemes remained unutilised at the District/Block/PRI/Division levels. Over and above, it was further noticed that substantial amounts of programme funds were lying unspent with lower tier agencies test-checked, though the same had been booked / reported as spent by the District level authorities, which has been discussed separately in the report under the respective programme:

Table 3.2 : Amounts lying unspent at lower level functionaries

Name of the scheme	Amount lying unspent	Amounts lying with	Reference of paragraph
National Rural Health Mission	₹ 2.35 crore	Five Block Health & Family Welfare Samitis	4.1.2
Indira Awas Yojana	₹ 22.01 crore	Five Panchayat Samitis	4.5.1.1
	₹ 0.21 crore	17 sampled Gram Panchayats	

Source: Records of respective Panchayat Samitis and Gram Panchayats

Parking of unspent funds at lower level implementing agencies without the same being captured in the District-wide position of utilisation of funds was indicative of lax monitoring on the part of district authorities.

3.3 Maintenance of bank accounts

It was noticed that multiple bank accounts were opened for funds received for a single scheme by the District level functionaries without the approval of the respective administrative Departments, violating the provisions of scheme guidelines and financial norms, as indicated in the table below

Table 3.3: Schemes where multiple bank accounts were in operation

Scheme	Number of bank authority	Authority opening this accounts	Remarks
Sarva Shiksha Abhiyan (SSA)	3	District Magistrate	Over and above the original Savings Bank (SB) account of SSA (opened in Bank of India in September 2002), the DM opened two more SB accounts in United Bank of India (March 2007) and Allahabad Bank (September 2010) for transacting SSA funds. The same were opened without approval of the School Education Department. There were no transactions in the account in Allahabad Bank as of June 2011 since its opening. There was differences in the total bank balance (₹ 12,54,99,177.88) with the corresponding cash book balance (₹ 9,89,82,491.82) as of March 2011. No reconciliation of balances was done by the District authorities.
Mid Day Meal (MDM)	2	District Magistrate	DM opened one SB account in Allahabad Bank in March 2011 for transacting MDM funds over and above the existing SB account with United Bank of India, without any approval from the Department. The ADM stated (September 2011) that the same had been done to diversify the high balances accumulated in the original account.

¹ NRHM: ₹ 4.75 crore, SGSY: ₹ 3.03 crore, MDM: ₹ 8.46 crore, BEUP: ₹ 0.93 crore, ARWSP: ₹ 7.36 crore, NREGA: ₹ 7.97 crore

Scheme	Number of bank authority	Authority opening this accounts	Remarks
Swarnjayanti Gram Swarojgar Yojana (SGSY)	3	Project Director, DRDC	Though a separate bank account was opened for Capacity Building, transactions pertaining to this account were not incorporated in SGSY accounts. As of May 2011, the account had a balance of ₹ 3.03 crore. Out of this, UCs had been submitted for ₹ 2.09 crore, though the amount remained parked and unspent.
Member of Parliament Local Area Development (MPLAD) (Name of Rajya Sabha MP: Shri Sitaram Yechury)	2	District Magistrate	Despite having a bank account, another account was opened.

Source: Records of DM and DRDC

Besides above, following instances of financial mismanagement were noticed:

- ◆ The Bank of India (English Bazar branch) did not credit any interest in the savings account of SSA for the period from February 2008 to March 2011. At the instance of Audit, the branch authorities attributed (March 2011) the same to system error and credited (April 2011) interest of ₹ 1.72 crore in the SSA account. This was indicative of deficient monitoring and control exercised by the District authorities.
- ◆ Under MDM, there was a loss of bank interest of ₹ 9.47 lakh, owing to delay of two to eight months made by the DM and five selected blocks in switching over from Personal Ledger (PL) accounts to savings bank accounts.
- ◆ Funds amounting to ₹ 2.22 crore² meant for of six schemes were spent unauthorisedly on items like preparation of detailed project report, estimate etc., construction of DRDC building, maintenance of residential quarters, purchase of furniture and other stationery articles, etc. which were not permissible under the concerned schemes.

² SGSY: ₹ 27.25 lakh, SSA: ₹ 1.66 lakh, MDM: ₹ 21.42 lakh, BEUP: ₹ 133.29 lakh and ARWSP: ₹ 38 lakh