

CHAPTER-II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER II

Financial Management and Budgetary Control

2.1 Introduction

Effective financial management ensures that policy decisions are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance about successful implementation of policy at the ground level. This Chapter reviews the appropriations and allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

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 list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts is thus a control document facilitating management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

Audit of appropriations seeks 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 provisions 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 2017-18 against 60 Grants including 11 Appropriations is given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/ Supplementary provision (₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving	Amount Surrendered	Amount Surrendered on 31 March 2018	Percentage of Savings surrendered on 31 March 2018 to total amount of Savings
Voted								
I. Revenue	9994.66	514.12	10508.78	7763.05	2745.73	1473.79	1473.79	53.68
II. Capital	1726.56	46.67	1773.23	983.44	789.79	386.62	386.62	46.50
III. Loans and Advances	63.63	Nil	63.63	22.05	41.58			
Total Voted	11784.85	560.79	12345.64	8768.54	3577.10	1860.41	1860.41	52.01
Charged								
IV. Revenue	652.98	12.71	665.69	660.21	5.48	4.91	4.91	89.60
V. Capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
VI. Public Debt- Repayment	510.40	Nil	510.40	329.62	180.78	180.78	180.78	100
Total Charged	1163.38	12.71	1176.09	989.83	186.26	185.69	185.69	99.69
Appropriation to Contingency Fund (if any)	100	Nil	100	100	Nil	Nil	Nil	Nil
Grand Total	13048.23	573.50	13621.73	9858.37	3763.36	2046.10	2046.10	54.37

The overall saving of ₹ 3763.36 crore was the result of saving of ₹ 3797.26 crore in 53 Grants and seven Appropriations under Revenue Section, 23 Grants and two Appropriations under Capital Section. This was offset by excess of ₹ 33.90 crore in two Grants under Revenue Section and one Grant and one Appropriation under Capital Section. Out of the total savings of ₹ 3763.36 crore, ₹ 2046.10 crore (54.37 per cent) was surrendered during the year and the balance savings of ₹ 1717.26 crore (45.63 per cent) remained un-surrendered which indicated lack of or inadequate budgetary control.

The savings/excess were intimated (August 2018) to the Controlling Officers requesting them to explain the significant variations. Department-wise position involving substantial amount of savings/excess (exceeding ₹ 10 crore) for which reasons were not furnished (August 2018) by the departments concerned is given in **Appendix 2.1**.

During the exit conference, the Addl. Chief Secretary stated that the details for this discrepancy would have to come from the line departments. She further added that this was mainly due to Centrally Sponsored Schemes (CSS) since though the amount had been budgeted, but funds were not released for reasons such as non-furnishing of UCs.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation *vis-à-vis* Allocative Priorities

The outcome of the appropriation audit revealed that in 43 cases of total savings of ₹ 3049.75 crore, the savings exceeded ₹ 1 crore in each case and also by more than 20 *per cent* of total provision (**Appendix 2.2**). In 13 cases, relating to ten Grants and one Appropriation, the savings exceeded ₹ 50 crore and above and resulted in total savings of ₹ 2647.04 crore (86.80 *per cent*).

Reasons for excessive savings in the above cases had not been furnished (January 2019).

2.3.2 Persistent Savings

In three cases, during the last five years, there were persistent savings (**Table 2.2**).

Table 2.2: List of Grants indicating Persistent Savings during 2013-18 (₹ in crore)

Sl. No.	Number and Name of the grant	Amount of savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue-Voted						
1.	11- Other Taxes and Duties on Commodities and Services, <i>etc.</i>	45.73 (23)	77.67 (32)	65.34 (48)	82.37 (39)	79.07 (40)
2.	43 – Housing, Crop Husbandry, Agricultural Research and Education <i>etc.</i>	233.36 (52)	234.43 (48)	135.99 (34)	204.68 (49)	212.16 (47)
Capital-Voted						
3.	19 – Secretariat General Services, Public Works, <i>etc.</i>	79.23 (42)	95.11 (57)	39.66 (27)	70.43 (46)	100.81 (71)

(Figures in the parentheses indicate percentage of saving to total provision).

(i) In the case of other taxes and duties on commodities and services, *etc.* the savings ranges from ₹ 45.73 crore to ₹ 79.07 crores.

(ii) In Housing, Crop Husbandry, Agricultural Research and Education *etc.*, the savings ranged between ₹ 135.99 crore and ₹ 234.43 crore.

(iii) In Secretariat General Services, Public Works, *etc.* the savings ranged from ₹ 39.66 crore to ₹ 100.81 crore.

2.3.3 Expenditure without Budget Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds in Budget. The cases of excess expenditure over Budget provision is a very serious matter as it is a violation of the will of the Legislature. In all such cases, the responsibility needs to be fixed. It was, however, noticed that expenditure of ₹ 11.07 crore was incurred in five cases without any budget provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Details are given in **Table 2.3**.

Table 2.3: Expenditure incurred without provision during 2017-18 (₹ in crore)

Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	16 – 2055 – 102 – (01) Re-imburement to State for Civil Defence – General	2.14
2.	19 – 2059 – 80 – 052 – (03) R/C of T&P <i>etc.</i> – Sixth Schedule (Part II) Areas	6.12
3.	19 – 2059 – 80 – 052 – (04) Deduct-Transfer of T&P Charges on Percentage Basis to Major Heads – Sixth Schedule (Part II) Areas	2.44
4.	21 – 2202 -110 – (06) Assistance for Buildings, Hostels and Staff Quarters - Sixth Schedule (Part II) Areas	0.36
5.	43 – 2711 – 80- 005 – (01) Survey and Investigation Sixth Schedule (Part II) Areas	0.01
Total		11.07

Government may consider fixing responsibility of officials responsible for incurring expenditure without budget provisions. During the exit conference, the Additional Chief Secretary stated that the matter would be looked into.

2.3.4 Drawal of funds to avoid lapse of budgetary provision

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15th of March. Further, as per Rule 211 of Meghalaya Treasury Rules, 1986, no money shall be drawn from the Treasury unless it is required for immediate disbursement. Contrary to the prescribed procedure, ₹ 579.18 crore was transferred in March 2018 into the major head of Account ‘8443 – Civil Deposits’ primarily to exhaust the unspent budgetary provision. Details of all such transfers (over ₹ five crore in each case) in respect of the 20 cases involving ₹ 579.18 crore are mentioned in **Appendix 2.3**.

While there is no Rule to prevent transfers to Civil Deposits, it was violative of the spirit of Rule 211 of Meghalaya Treasury Rules, 1986. The funds were transferred to Civil Deposits primarily to avoid lapse of budgetary provision.

During the exit conference, the Additional Chief Secretary (ACS) pointed out that the amount transferred had actually come down compared to the previous year. ACS further stated that the Department will make an effort to reduce the amount though it entails difficulty since some funds are released at the fag end of the year.

2.3.5 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. Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the discussion over the Appropriation Accounts by the Public Accounts Committee (PAC). As indicated in the Report of the Comptroller and Auditor General of India for

the previous years, excess expenditure of ₹ 2142.93 crore for the years from 1971-72 to 2016-17 had not been regularised, details of which are given in **Appendix 2.4**. This is contrary to legislative intent and defeats the objective of ensuring accountability of the executive over utilisation of public money. Excess expenditure remaining unregularised for such extended period needs to be viewed seriously as this dilutes the parliamentary control over the exchequer and therefore all the existing cases of excess expenditure need to be got regularised at the earliest and strict departmental action is taken against the controlling officer who exceed the budget.

During the exit conference, Audit pointed out that the Public Accounts Committee (PAC) had recommended regularisation of excess expenditure amounting to ₹ 697.38 crore during 2011-12 but no follow up action had been taken by Finance Department till date. The Additional Chief Secretary accordingly directed the Finance Department officials to take necessary action.

2.3.6 Excess expenditure over budget provision during 2017-18 requiring regularisation

Table 2.4 contains the summary of excess expenditure over budget provision. Two Grants under Revenue Section and one Grant and one Appropriation under Capital Section are amounting to ₹ 33.90 crore over authorisation. They required regularisation under Article 205 of the Constitution. The cases of excess expenditure over Grants/provisions is a very serious matter as it is a violation of the will of the Legislature. In all such cases, the responsibility needs to be fixed.

Table 2.4: Expenditure over provision during 2017-18 requiring regularisation

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess (+) (per cent to Total Grant/ Appropriation)
Revenue – Voted				
1.	24 – Pensions and Other Retirement Benefits	730.24	750.90	20.66 (2.83)
2.	56 – Roads and Bridges, etc.	162.21	173.07	10.86 (6.70)
Capital - Voted				
1.	47 – Housing, Animal Husbandry, Agricultural Research and Education, etc.	0.17	0.22	0.05 (29.41)
Capital – Charged				
1.	Appropriation – Interest Payment	588.85	591.18	2.33 (0.40)
Total		1481.47	1515.37	33.90

In one of the above cases, viz. Grant No.24 - Pension & other retirement benefits, excess expenditure by more than ₹ 20 crore of the budget provision has been observed consistently for the last five years (**Table 2.5**).

Table 2.5: Persistent excess expenditure during 2013-18 (₹ in crore)

Number and name of the Grant	Amount of Excess Expenditure				
	2013-14	2014-15	2015-16	2016-17	2017-18
24- Pension and other Retirement benefits (Revenue - Voted)	53.89	114.63	142.92	154.37	20.66

However, the amount of excess expenditure decreased in the current year compared to the previous four years.

Government may consider fixing responsibility of officials responsible for incurring expenditure in excess of the Grants/provisions.

During the exit conference, the Additional Chief Secretary stated that a meeting would be held with the departments concerned and the excess amounts would be regularised.

2.3.7 Excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 146.89 crore obtained in 22 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Appendix 2.5**. In one case, supplementary provision of ₹ 14.55 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 10.86 crore (**Table 2.6**).

Table 2.6: Insufficient Supplementary Provision (₹ in crore)

Number and Name of Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess Expenditure
56 - Roads and Bridges, Capital Outlay on Roads and Bridges, etc. Revenue - Voted	147.66	14.55	162.21	173.07	10.86

In three cases, no supplementary provision was obtained resulting in an excess expenditure of ₹ 23.04 crore as given in **Table 2.7**.

Table 2.7: Excess expenditure but no Supplementary Provisions were obtained (₹ in crore)

Number and Name of Grant	Original Provision	Expenditure	Excess Expenditure
12 – Appropriation – Interest Payments Capital - Charged	588.85	591.18	2.33
24 – Pension and Other Retirement Benefits Revenue – Voted	730.24	750.90	20.66
47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry Capital - Voted	0.17	0.22	0.05
Total	1319.26	1342.30	23.04

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. As per the Appropriation Accounts, re-appropriation made under 231 sub-heads proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh. Instances of

84 such cases where excess/saving was ₹ one crore or above in each case are detailed in **Appendix 2.6**.

2.3.9 Unexplained re-appropriations

According to Paragraph 115 of the Budget Manual (Volume I), read with Form ‘K’ of re-appropriation statement, reasons for all re-appropriations of ₹ 1,000 or more should be given. Scrutiny of Appropriation Accounts revealed that reasons for re-appropriations made during 2017-18 under various head of accounts were not explained in detail. Reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like “less requirement of funds”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” *etc.*

2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 118 sub-heads on various grounds like non-receipt of sanction, less expenditure, non-release of funds, *etc.* Out of the total provision of ₹ 1703.68 crore in 118 sub-heads, ₹ 1548.63 crore were surrendered. In 68 schemes/projects/works there was 100 *per cent* surrender. The details of such cases involving substantial surrenders are given in **Appendix 2.7**.

2.3.11 Surrender in excess of actual saving

As per the provision of the Budget Manual, the spending departments, are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Surrender of the provision in anticipation of savings and incurring expenditure subsequently by controlling officers results in surrender in excess of overall saving under grant/appropriation.

In 14 cases, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in those departments. As against savings of ₹ 560.10 crore, the amount surrendered was ₹ 567.01 crore resulting in excess surrender of ₹ 6.91 crore (**Appendix 2.8**). The surrender in excess of actual savings indicated that the Departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements. The cases of surrender in excess of actual savings, however, should be avoided by prudent budgeting. Seven significant cases of surrender in excess of actual savings are shown in **Table 2.8**.

Table 2.8: Cases of surrender in excess of savings (₹ in lakh)

SI No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess of savings
1.	2 – President/Vice-President/Governor/Administrator of Union Territories Revenue – Charged	1033.00	261.23	296.10	34.87
2.	4 – Administration of Justice Revenue – Charged	1312.30	281.23	350.88	69.65
3.	9 – Taxes on Sales, Trade etc., Other Taxes and Duties on Commodities and Services Revenue – Voted	2665.49	349.93	421.15	71.22
4.	14 – District Administration Revenue – Voted	4374.00	326.22	453.69	127.47
5.	22 – Other Administrative Services, Housing Revenue – Voted	3783.93	804.78	939.76	134.98
6.	28 – Housing, Capital Outlay on Housing, Loans for Housing Capital – Voted	450.00	311.79	439.83	128.04
7.	39 – Co-operation, Other Agricultural Programmes, Capital Outlay on Co-operation, etc. Revenue – Voted	2386.00	272.06	333.37	61.31

The surrender in excess of actual savings resulted in excess expenditure in various heads of accounts under 14 grants/appropriations which indicated lack of financial prudence in the management of budget in the concerned departments.

2.3.12 Anticipated savings not surrendered

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15th of March. Scrutiny of the appropriation accounts however revealed the following:

- In 13 Grants, it was seen that savings occurred but the entire savings were not surrendered by the concerned departments. The amount involved in those cases was ₹ 921.43 crore (24.48 per cent of the overall savings of ₹ 3763.36 crore for the year 2017-18) (**Appendix 2.9**).
- In 27 Grants (which had savings of ₹ 1 crore and above), it was seen that out of savings of ₹ 2455.22 crore, only an amount of ₹ 702.99 crore was surrendered while the remaining ₹ 1752.23 crore (71.37 per cent) were not surrendered (**Appendix 2.10**).
- In 53 cases, (surrender of funds in excess of ₹ 1 crore), an amount of ₹ 2042.18 crore was surrendered on the last working day of March 2018 (**Appendix 2.11**).

This indicated inadequate financial control and also resulted in idling of these funds since they could not be utilised for other development purposes.

2.3.13 Rush of expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased out throughout the year as far as possible. It was, however, noticed that during 2017-18, in eight major heads, the expenditure during the fourth quarter ranged between 30.77 per cent and 48.93 per cent compared to the total expenditure incurred during the year. It was further seen that the expenditure in the month of March 2018 in these eight major heads ranged between 15.91 per cent and 44.97 per cent as indicated in **Table 2.9** below:

Table 2.9: Cases of Rush of Expenditure towards the end of the financial year 2017-18 (₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2018	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2055	649.03	205.76	31.70	103.24	15.91
2.	2202	1663.08	511.71	30.77	334.38	20.11
3.	2210	623.46	234.06	37.54	187.77	30.12
4.	2215	212.33	71.92	33.87	46.27	21.79
5.	2235	120.75	59.08	48.93	54.30	44.97
6.	2401	157.09	59.35	37.78	53.44	34.02
7.	2403	103.88	39.48	38.01	16.62	16.00
8.	2406	141.39	64.02	45.28	44.75	31.65

Thus, the uniform flow of expenditure during the year, which is a primary requirement of budgetary control, was not maintained, indicating deficient financial management.

2.4 Reconciliation of departmental figures

2.4.1 Detailed Countersigned Contingent Bills against Abstract Contingency Bills

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are required to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office. As per Finance Accounts for the year 2017-18 (Volume I), against an amount of AC bills of ₹ 35.60 crore, no DCC Bills were received. It resulted in 10 AC bills involving ₹ 35.60¹ crore pertaining to the Election and Secretariat Administration Departments remaining outstanding as of March 2018.

Non-adjustment of advances within prescribed time, breaches financial discipline and entails risk of misappropriation of public money. It amounts to unhealthy practices and therefore, requires close monitoring by the DDOs for ensuring timely adjustment.

¹ Nine AC Bills amounting to ₹ 35.60 crore pertained to Election Department while one AC Bill amounting to ₹ 5000/- pertained to Secretariat Administration Department.

Government may consider fixing responsibility on officials for failing to settle the outstanding AC bills within the stipulated period of one month. During the exit conference, the Additional Chief Secretary assured that the matter would be taken up with the Election Department.

2.4.2 Un-reconciled Expenditure

Budget Manual stipulates that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). This is in order to enable Controlling Officers (COs) of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts. During 2017-18, 19 out of 60 COs did not reconcile expenditure amounting to ₹ 788.81 crore (8 per cent of total gross expenditure of ₹ 9858.37 crore) as of March 2018 (**Appendix 2.12**). This is despite the fact that non-reconciliation of departmental figures is being pointed out regularly in Audit Reports. Out of the unreconciled expenditure of ₹ 788.81 crore, ₹ 332.98 crore was in respect of Director of Technical Education followed by ₹ 39.73 crore related to the Secretaries of Planning, Secretariat Administration Department, Finance and Public Works Department and ₹ 14.34 crore was in respect of Commissioner of Transport, Secretary Home (Police), Secretary General Administration Department, *etc.*

During the exit conference, it was decided that details of the website of the Principal Accountant General (Accounts & Entitlement) should be circulated to all the COs so that can easily check the status to see whether reconciliation work was completed or not.

2.5 In-operative Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. As per Rule 392 of the Meghalaya Treasury Rules, 1985, if PD accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of the special enactment, such accounts should be closed at the end of the financial year and the unspent balance should be transferred to the Consolidated Fund. The amount credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year. Further, if a PD Account is not operated for a considerable period and there is reason to believe that the need for deposit account has ceased, the same should be closed in consultation with the officer in whose favour the deposit account had been opened.

As on 01 April 2017, there were seven PD accounts with an opening balance of ₹ 6.43 crore while the closing balance of these seven PDs as on 31 March 2018 was ₹ 18.81 crore. Out of these seven PD accounts, two PD accounts remained inoperative for periods ranging from 10 years to 14 years and were not closed in compliance with the rule. The amount lying in the two inoperative accounts was ₹ 0.02 crore.

The State Government should take necessary steps to close the inoperative PD accounts. During the exit conference, the Finance Department stated that there was a problem in tracing the records pertaining to these PD accounts but assured that the matter would be looked into.

2.6 Outcome of Analysis of Budgetary Assumptions

2.6.1 Unrealistic Budget Estimates

Details of the original, revised budget estimates and the actual revenue receipts and revenue expenditure during 2015-16 to 2017-18 are given in **Table 2.10** below:

Table 2.10: Revised Budget estimates and actuals in respect of receipts and expenditures for the years 2015-16, 2016-17 and 2017-18 (₹ in crore)

Particulars	Original Estimates	Revised Estimates	Actuals	Shortfall in actual as compared to the Revised Estimates	
				Shortfall (-)	Percentage
2015-16					
Receipt	8403.02	8403.02	7043.13	1359.89	16.18
Expenditure	7621.48	7621.48	6347.73	1273.75	16.71
2016-17					
Receipt	8980.85	8980.85	8938.95	41.90	0.47
Expenditure	8593.95	8593.95	8336.54	257.41	3.00
2017-18					
Receipt	11279.80	11263.73	9273.48	1990.25	17.67
Expenditure	10645.21	10645.21	8422.68	2222.53	20.88

Source: Budget at a Glance.

As could be noticed from **Table 2.10**, during 2015-16 to 2017-18, the shortfall in actual receipt with reference to the Revised Estimate had decreased from 16.18 per cent in 2015-16 to 0.47 per cent in 2016-17 and increased to 17.67 per cent in 2017-18. While the shortfall in actual expenditure with reference to the Revised Estimate had decreased from 16.71 per cent in 2015-16 to 3 per cent in 2016-17 and increased to 20.88 per cent in 2017-18.

Thus, huge variations between the estimated provision and actual receipts and actual expenditure during the said period indicated that the State Government's budgeting process lacked rigour leading to preparation of unrealistic Revised Estimate.

2.6.2 Unrealistic forecasting of resources

Details of tax revenue and non-tax revenue for the last two years are given in **Table 2.11** below:

Table 2.11: Tax Revenue, Non-Tax Revenue during 2016-17 and 2017-18 (₹ in crore)

	2016-17		2017-18	
	Tax Revenue	Non-Tax Revenue	Tax Revenue	Non-Tax Revenue
Original Budget	1268.55	466.16	1558.98	512.77
Revised Estimate	1268.55	466.16	1558.98	512.77
Actual Receipts	1186.01	685.24	1450.10	366.63
Shortage (-)/Excess (+)	(-)82.54	(+)219.08	(-)108.88	(-)146.14

Source: Budget at a Glance.

During 2017-18, the actual tax revenue receipts was lower than the budget estimate by 6.98 per cent (₹ 108.88 crore) and Non-Tax Revenue was much lower than the budget estimate by 28.50 per cent (₹ 146.14 crore). Hence the budget estimate for tax and non-tax revenue were unrealistic.

2.6.3 Projection of Capital Outlay, Disbursement of Loans & Advances

The projections of Capital Outlay, Disbursement of Loans & Advances are detailed in Table 2.12.

Table 2.12: Capital Outlay, Disbursement of Loans & Advances

(₹ in crore)

	Particulars	Budget Estimates	Revised Estimates	Actual Expenditure	Difference (percentage)
2016-17	Capital Outlay	1360.53	1360.53	1289.80	(-)70.73 (5.20)
	Disbursement of Loans & Advances	48.72	48.72	30.83	(-)17.89 (36.37)
2017-18	Capital Outlay	1733.06	1733.06	983.44	(-)749.62 (43.25)
	Disbursement of Loans & Advances	59.13	59.13	22.05	(-)37.08 (62.71)

During 2017-18, Actual Capital Outlay was less than Budget estimate/revised estimate by ₹ 749.62 crore, which fell short by 43.25 per cent, Loans & Advances were also disbursed less by 62.71 per cent (₹ 37.08 crore).

2.7 Review of Budgetary Process

2.7.1 Introduction

A major concern is that budgetary process are being undertaken in a mechanical and routine fashion and adequate due diligence is not being given to ensure high level of preparedness before the budget is finalised. This could reduce the effectiveness of the Government to ensure that developmental goals are achieved as intended by Government.

2.7.2 Budget and Accounts

The Annual Financial Statement of the estimated receipt and expenditure of the State for a financial year is laid before the House of the Legislature in accordance with Article 202 of the Constitution of India. The estimates of expenditure embodied in the Annual Finance Statement shall show separately – (a) the sums required to meet expenditure charged upon the Consolidated Fund of the State, and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State.

Government accounts are kept in three parts, namely Part –I Consolidated Fund, Part - II Contingency fund and Part – III Public Account. The details of transactions under the three parts are classified according to various Major Heads, Sub-Major Heads, Minor Heads, Sub-Heads and Detailed Heads of accounts prescribed by the Controller General of Accounts.

The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipts heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, *etc.* – consisting of receipt heads (Capital Account) and Expenditure Heads (Capital Account). No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose, necessary Demands for Grants are placed before the Legislature at the beginning of each financial year. The Grants, as and when passed by the Legislature, are incorporated in an Appropriation Act authorising necessary appropriation from the Consolidated Fund. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

2.7.3 Examination and evaluation of the budgetary system

An attempt has been made to examine and evaluate the budget documents of the Government of Meghalaya for the year 2017-18. The audit findings are given in the succeeding paragraphs.

2.7.4 Budget Process

As contemplated in Paragraphs 1 and 78 of Budget Manual², the duty of preparing budget estimates (Receipts and Expenditure) and revised estimates for laying before the Legislature vests with the Finance Department. The budget estimates are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and revised estimates are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the revised and budget estimates. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years' receipts.

During scrutiny of records of Finance Department, it was noticed that the departmental budget estimates were not submitted by the Administrative Departments within the target date (19 December 2016) fixed by the Finance (Budget) Department. Further, it was noticed that out of 65 Controlling Officers (COs), 23 COs had submitted on time and 42 COs submitted after due date. Instances of such delays are given in **Table 2.13**.

² Budget Manual of the Government of Assam (Volume I) as adopted by the Government of Meghalaya.

Table 2.13: Statement showing the date of submission of Budget Estimates

Sl. No.	Name of the Department	Grant Number (Head of Accounts)	Date of submission of Departmental Budget Estimates	Period of delay
1.	Council of Ministers	03 (2013)	24.01.2017	One month
2.	Excise	08 (2039)	24.01.2017	One month
3.	Sales Tax	09 (2040)	12.03.2017	Two months
4.	Transport	10 (2041, 2070)	28.02.2017	Two month
6.	Police	16 (2055, 2070)	01.02.2017	Two month
7.	Finance Pension Cell	24 (2071)	21.02.2017	Two months
8.	Information and Public Relations	30 (2220)	21.02.2017	Two months
9.	Border Areas Development	46 (2501)	12.03.2017	Three months
10.	C&RD	51 (2216, 2501, 2505, 2515, 4515)	31.01.2017	One month

As can be seen from the above table, there was delays ranging from one month to three months in submission of departmental budget estimates to the Finance Department. Consequently, there was either no scope or little scope for scrutiny of these estimates by the Finance Department. During the exit conference, the Additional Chief Secretary directed the Finance Department officials to ensure that the same problem does not persist in the upcoming years.

2.7.5 Actual receipts in Consolidated Fund vis-à-vis provision

The position of Revenue and Capital receipts under Consolidated Fund during 2017-18 is presented in **Table 2.14** below:

Table 2.14: Revenue and Capital Receipts (₹ in crore)

Year	Revenue Account				Capital Account			
	Budget Provision	Actual Receipt	Shortfall in receipt	Percentage of shortfall	Budget Provision	Actual Receipt	Shortfall in receipt	Percentage of shortfall
2015-16	8403.02	7043.13	1359.89	16.18	1029.02	856.01	173.01	16.81
2016-17	8980.85	8938.96	41.90	0.47	1368.00	1229.24	138.76	10.14
2017-18	11263.73	9273.48	1990.25	17.67	1405.55	1242.59	162.96	11.59

Source: Annual Financial Statement & Finance Accounts.

It can be seen from the table above, the shortfall of revenue receipts ranged between 0.47 per cent and 17.67 per cent and as regards capital receipts, the shortfall ranged between 10.14 and 16.81 per cent. It is thus, necessary that a more reliable method of forecasting revenues needs to be adopted to achieve better planning of expenditure.

2.7.6 Estimates of expenditure under Consolidated Fund

The estimates of expenditure should be prepared for the charges that will be needed for actual expenditure during the year. It is of great importance that the expenditure estimates should be accurately framed. The Finance Department could not furnish to Audit the departmental estimates and revised estimates, if any, received from the various departments, though called for in September 2018. Thus, it could not be verified whether proposals of the departments were duly considered in framing the budget.

Budget provisions for expenditure (gross) and actuals there-against under revenue and capital accounts during 2015-16 to 2017-18 are shown in the **Table 2.15** below:

Table 2.15: Budget provision for expenditure (Gross) and Actual expenditure (₹ in crore)

Year	Revenue Account				Capital Account (including Loans and Advances and Public Debt)			
	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings
2015-16	8192.35	6352.17	1840.18	22.46	2437.01	1606.59	830.42	34.08
2016-17	9764.82	8337.82	1427.00	14.61	2481.48	1835.04	646.64	26.06
2017-18	11174.47	8423.26	2751.21	24.62	2447.26	1435.11	1012.15	41.36

Appropriation Accounts: O: Original; S: Supplementary.

In all the three years, there was overestimation of expenditure which resulted in savings ranging from 14.61 per cent to 24.62 per cent under Revenue Account and 26.06 per cent to 41.36 per cent under and Capital Account. This was indicative of the fact that contrary to the prescribed budgetary regulations, estimation was made without proper analysis of actual needs.

2.7.7 Inaccuracy in preparation of revised estimates

According to Paragraphs 29 and 50 of the Budget Manual, the revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of requirements. Significant cases of variation between the revised estimates and the actuals during 2017-18 under both receipts and expenditure heads of accounts are given below:

Table 2.16: Variation between revised estimated and actuals (₹ in crore)

Sl. No.	Number and name of head of accounts	Budget Estimates	Revised estimates	Actuals	Variation Excess(+)/ Shortfall (-) (per cent)
RECEIPTS					
1.	0029 - Land Revenue	5.60	5.60	2.08	- 3.52 (62.86)
2.	0037 - Custom	610.98	318.70	436.40	117.70 (36.93)
3.	0038 – Union Excise Duties	638.65	330.12	456.20	126.08 (38.19)
4.	0075 – Miscellaneous General Services	14.50	14.50	0.94	- 13.56 (93.52)
5.	0215 – Water Supply and Sanitation	18.90	18.90	5.13	-13.77 (72.86)
6.	0406 – Forestry & Wildlife	112.55	112.55	55.61	-56.94 (50.59)
7.	0853 – Non Ferrous Mining & Metallurgical Industries	264.87	264.87	207.88	- 56.99 (21.52)
EXPENDITURE					
1.	2203 – Technical Education	30.82	30.82	12.84	- 17.98 (58.34)
2.	2205 – Art and Culture	45.93	45.93	21.56	- 24.37 (53.06)
3.	2225 – Welfare of Scheduled Tribe and Other backward classes	1.51	1.51	81.67	80.16 (5308.61)
4.	2236 – Nutrition (Education)	157.33	157.33	179.68	22.35 (14.21)

Sl. No.	Number and name of head of accounts	Budget Estimates	Revised estimates	Actuals	Variation Excess(+)/ Shortfall (-) (per cent)
5.	2402 – Soil and Water Conservation	452.72	452.72	77.39	- 375.33 (82.91)
6.	2505– Rural Development	1293.93	1293.93	705.90	- 588.03 (45.45)
7.	2702 – Minor Irrigation	92.39	92.39	47.52	- 44.87 (48.57)
8.	2801 – Power	81.41	81.41	109.16	27.75 (34.09)
9.	3054 – Roads and Bridges	147.66	147.66	173.08	25.42 (17.22)
10.	3456 – Civil Supplies	122.56	122.56	51.72	- 70.84 (57.80)

Wide variations ranging from 21.52 per cent to 93.52 per cent under Receipt heads and 14.21 per cent to 5308.61 per cent under Expenditure heads between the budget provisions and actuals particularly with reference to revised estimates, indicated absence of proper care in estimating the revised estimates by the controlling officers concerned as envisaged in the Budget Manual and failure of the Finance (Budget) Department in exercising adequate checks over the preliminary revised estimates.

2.7.8 Errors in Budgetary Process

2.7.8.1 Paragraph 98 of the Budget Manual requires that when the expenditure requiring provision is obligatory, a supplementary grant or appropriation may be taken towards the end of the year provided that the total provision made by law under the grant concerned, is not exceeded before the Supplementary Demand is obtained.

We observed that implementation of the Budget in the State was not in conformity with the approved Budget leading to large-scale savings under the Revenue (voted) and Capital (voted) sections as under:

- Under Revenue (voted) the original grants and supplementary grants were ₹ 9994.66 crore and ₹ 514.12 crore respectively aggregating to ₹ 10508.78 crore, against which the actual expenditure was ₹ 7763.05 crore resulting in savings of ₹ 2745.73 crore. This was more than the supplementary provision (₹ 514.12 crore).
- Similarly, under Capital (voted) including Loans and Advances, the original and supplementary grants were ₹ 1890.19 crore and ₹ 46.67 crore respectively aggregating to ₹ 1936.86 crore against which the actual expenditure was ₹ 1105.49 crore, resulting in savings of ₹ 831.37 crore. This was more than the supplementary grants (₹ 46.67 crore).

In the above cases, the supplementary provision of ₹ 514.12 crore under Revenue (voted) and ₹ 46.67 crore under Capital (voted) obtained during the year, proved unnecessary as the actual expenditure did not come up to the level of original provisions as indicated in **Table 2.17:**

Table 2.17: Actual Expenditure vis-à-vis Original/Supplementary provisions (₹ in crore)

Sl. No.	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Savings (-)
1.	Revenue (voted)	9994.66	514.12	10508.78	7763.05	(-)2745.73
2.	Capital (voted)	1890.19	46.67	1936.86	1105.49	(-)831.37
	Total	11884.85	560.79	12445.64	8868.54	(-)3577.10

2.7.8.2 Expenditure relating to minor works, repairs and grants-in-aid is to be classified as revenue expenditure. Capital expenditure is incurred with the object of increasing concrete assets of a material and permanent character or reducing permanent liabilities. As per Finance Accounts for the year 2017-18 (Volume – I), the State Government, however, made budget provision and incorrectly classified ₹ 11.62 crore on major works under the Revenue section and ₹ 1.38 crore on minor work Capital section, as detailed below:

Table 2.18: Incorrect depiction of Minor works under Capital Section and Major works under Revenue Section (₹ in crore)

Sl. No.	Major Head	Sub Major Head	Minor Head	Sub Head	Amount
I. Minor works booked under 'Capital heads'					
1.	4216	80	800	(09)Rental Housing Scheme	1.38
				Total	1.38
II. Major works booked under 'Revenue heads'					
1.	2216	03	102	Provision of house site to the landless	5.00
2.	2220	60	001	(01) Directorate of information and Public Relation	0.70
				(02) District Sub-Divisional Information & Public Relations Offices	0.06
3.	2415	03	277	Education	3.36
4.	2515	01	800	(08) Construction of Rural Roads Programme	2.50
				Total	11.62

Due to such misclassification, the revenue surplus of the State Government for the year 2017-18 was understated by ₹ 10.24 crore. The misclassification, though reported (June 2018) by the Accountant General (A&E) to the State Government, remained un-rectified.

2.7.9 Technical and qualitative application of resources

Budget provisions (revised), actual expenditure and shortfall (savings) under Plan and Non-Plan heads of both revenue and capital sections in respect of Social Services and Economic Services for the year 2015-18 are presented in **Table 2.19**.

Table 2.19: Social Services and Economic Services**(₹ in crore)**

Year	Budget Estimate (net)			Actual expenditure			Shortfall (-)/Excess (+) to Budget Estimates	
	(percentage to total provisions)			(percentage to provision of respective sector)				
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan
							Amount (per cent)	Amount (per cent)
Social Services								
2015-16	1183.21 (38.19)	1914.88 (61.81)	3098.09	1347.55 (113.89)	1337.30 (69.84)	2684.85	+64.34 (13.89)	- 577.58 (30.16)
2016-17	1372.65 (39.93)	2065.40 (60.07)	3438.05	1398.54 (101.89)	2159.93 (104.58)	3558.47	+25.89 (1.89)	+94.53 (4.58)
2017-18	4214.09		4214.09	3508.17		3508.14	-705.92 (16.75)	
	Total		10750.23	Total		9751.46	-998.77 (9.29)	
Economic Services								
2015-16	735.30 (19.74)	2989.21 (80.26)	3724.51	721.80 (98.16)	1699.20 (56.84)	2421.00	-13.50 (1.84)	- 1290.00 (43.16)
2016-17	789.53 (21.61)	2864.01 (78.39)	3653.54	825.77 (104.59)	2678.94 (93.54)	3504.71	+36.24 (4.59)	-185.07 (6.46)
2017-18	5072.80		5072.80	3021.30		3021.30	- 2051.50 (40.44)	
	Total		12450.85	Total		8947.01	-3503.84 (28.14)	

Source: Memorandum of Budget Estimates and Finance Accounts.

- **Social services**

During 2015-18, the total budget provision under Social services was ₹ 10750.23 crore whereas the actual expenditure was ₹ 9751.46 crore. The percentage of shortfall during 2015-18 fell short of the budget provision by 9.29 per cent.

- **Economic Services**

There was a decline in actual expenditure during 2017-18 as compared to the previous year. There was also an overall shortfall of 28.14 per cent in actual expenditure under Economic services during the year 2015-18 as compared to the Budget provision.

The above details indicated that the State was not able to utilise the budget provision made under Social and Economic Services.

2.7.10 Budgetary control/monitoring system

As per paragraph 152 (i) of Budget Manual, for the purpose of facilitating the watch over progress of expenditure and the provision of additional funds when necessary, a statement in duplicate was to be submitted to the Finance Department twice a year (by 25th November and 1st January). Statements/returns received, if any, from the different Controlling Officers/ Heads of Departments were not furnished to Audit. However, shortcomings in the budget formulation as discussed in the foregoing paragraphs indicated that the prescribed budgetary control/monitoring system to watch over the progress of expenditure remained ineffective and the Finance Department could not take any action/measure to contain the trend of shortcomings like excess expenditure, persistent savings, etc.

2.8 Outcome of review of selected Grant

A review of budgetary procedure and control over expenditure was conducted (October 2018) in respect of ‘Grant Number – 16 Police, Other Administrative Services, Housing and Capital Outlay on Police’.

The Director General of Police was the Controlling Officer (CO) for this Grant. Under this Grant, expenditure during the year 2017-18 was booked under the major head of account 2055-Police and 4055 - Capital outlay on Police, 2070- Other Administrative Services – 108- Fire Protection Control and 2216 Housing - 06 Police Housing. In this regard, significant cases of savings and excess expenditure over budget provisions noticed during the review are discussed below:

2.8.1 Excessive supplementary provision/non-surrender of savings

Against budget provision of ₹ 745.26 crore (including supplementary provision of ₹ 22.92 crore), under revenue head the actual expenditure incurred was ₹ 689.92 crore resulting in final savings of ₹ 55.34 crore (including Charged). In view of the final savings of ₹ 55.34 crore, the supplementary provision of ₹ 22.92 crore obtained during the year was in excess of requirement.

Under the capital head, expenditure of ₹ 12.51 crore was incurred during the year against the budget provision of ₹ 32.30 crore resulting in saving of ₹ 19.79 crore. The savings of ₹ 75.13 crore were not surrendered during the year contrary to the provisions in Paragraph 152 (iii) of the Budget Manual which provides for surrender of all anticipated savings to the Finance Department latest by 15 March so that the same could be utilised for other purpose.

2.8.2 Savings

As per the Detailed Appropriation Accounts for the year 2017-18, 100 per cent savings occurred under nine schemes in respect of major Head of Accounts 2055 – Police and 4055 – Capital Outlay on Police, as shown in the **Table 2.20**. The Controlling officers could not utilise any part of the Budget provision made in the Budget, indicating that the budget provisions were unrealistic.

Table 2.20: Cases where no part of budget provisions was utilised (₹ in lakh)

Sl. No.	Name of the Scheme	Original provision	Savings	Percentage
2055 - Police				
1.	0027(27) Procurement of Closed Circuit Televisions (CCTVs)	10.00	10.00	100
2.	115 - Modernisation of Police force – 0001(01) Expenditure on Modernisation pertaining to Police Training College	20.26	20.26	100
3.	0005(05) Expenditure on modernization of pertaining to Forensic Science Laboratory	39.82	39.82	100
4055 – Capital outlay on Police				
4.	207 - State Police – 0001(01) Construction of administrative building for the State Police/Police station and outpost (6 th Schedule)	159.32	159.32	100

Sl. No.	Name of the Scheme	Original provision	Savings	Percentage
5.	0002(02) Construction of administrative building for the State Police/Police station and outpost, under modernization of State Police Force (6 th Schedule)	40.68	40.68	100
6.	211 - Police Housing – 0001(01) Construction of Residential buildings for Police accommodation/Facilities (6 th Schedule)	100.00	100.00	100
7.	0003(03) Construction of Residential Buildings for Fire Emergency Services accommodation/Facilities - Sixth Schedule	150.00	150.00	100
8.	800 - Other Expenditure – 0004(02) Non Lapsable Central pool of Resources	500.00	500.00	100
9.	0006(03) Construction other than Buildings	150.00	150.00	100

As per Paragraph 152 (iii) of the Budget Manual (Volume I), the controlling officers should surrender to the Finance Department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by the 15th of March at the latest for utilisation by the Finance Department for other purposes. However, in the above cases, none of the amounts had been surrendered.

2.8.3 Excess expenditure over budget provision

As per detailed Appropriation Accounts for the year 2017-18, under two schemes, expenditure of ₹ 42.28 crore exceeded the budget provision by ₹ 3.53 crore. The details are given in **Table 2.21** below:

Table 2.21: Excess expenditure over budget provisions (₹ in crore)

Major Head and Group Head	Final Grant or Appropriation	Actual expenditure	Excess
2055- Police			
104 –Special Police – 0013 (13) Raising of 6 th MLP Bn/4 th IRBN	38.20	41.72	3.52
109 –District Police - 0017(17) Cost of Police supplied to Nationalised Bank	0.55	0.56	0.01
Total	38.75	42.28	3.53

2.8.4 Expenditure without provision

In contravention of the Budget manual (Paragraph 95-Volume I) which prohibits any expenditure on a scheme/service without provision of funds, an expenditure of ₹ 2.14 crore was incurred under one scheme, without making any provision in the original/supplementary demand and without re-appropriation orders to this effect. The detail is given below:

Table 2.22: Expenditure without any provision (₹ in crore)

Major Head and Minor Head	Final Grant	Expenditure
2055- Police – 102- Central Reserve Police – 0001(01) Reimbursement to State for Civil Defence	NIL	2.14

2.8.5 Unnecessary re-appropriation

Re-appropriation: Re-appropriation is a transfer of funds within a Grant from one unit of appropriation where savings are anticipated to another unit where additional

funds are needed. In 17 cases, re-appropriation of funds were made injudiciously resulting in final savings/excess by more than ₹ 1 crore in each case (Serial no. 10 to 26 of **Appendix 2.6**). In 12 cases, ₹ 6.66 crore was provided by re-appropriation which were injudicious and unnecessary order as the total expenditure (₹ 105.78 crore) did not come to the original provision (₹ 110.25 crore), the details of which are given below:

Table 2.23: Unnecessary re-appropriation (₹ in crore)

Sl. No.	Head of account	Original Provision	Re-appropriation	Final Grant	Actual Expenditure	Savings
2055 - Police						
1.	03- Education and Training - 0001(01) Police Training School/College	4.50	R (+) 0.05	4.55	4.27	(-) 0.28
2.	101 – Criminal Investigation and Vigilance 0004 (04) S.C.R.B	1.16	R (+) 0.09	1.25	1.14	(-) 0.11
3.	0005 (05) Cyber Crime Wing	1.63	R (+) 0.01	1.64	1.47	(-) 0.17
4.	104 – Special Police 0004 (04) 2 nd Meghalaya Police Battalion	44.06	R (+) 0.12	44.18	42.22	(-) 1.96
5.	0011(11) Raising of 5 th MLP Bn./3 rd IRBN	44.86	S (+) 2.87 R (+) 2.50	50.23	43.66	(-) 6.57
6.	109 – District Police 0003 (03) Payment towards charges for requisition of home (6 th Schedule)	0.21	S (+) 0.35 R (+) 0.02	0.58	--	(-) 0.58
7.	0005 (05) Thumb and Finger Impression and Photography Scheme	1.11	R (+) 0.01	1.12	0.87	(-) 0.25
8.	0020 (20) Establishment of Special Guards for checking/detecting infiltration from Bangladesh	2.07	R (+) 0.08	2.15	2.02	(-) 0.13
9.	0028 (28) Requisition of vehicles (6 th Schedule)	7.01	R (+) 0.13	7.14	6.94	(-) 0.20
10.	113- Welfare of Police personnel 0001 (01) Hospital Charges for Police Personnel	0.86	R (+) 0.06	0.92	0.73	(-) 0.19
11.	116 – Forensic Science 0001 (01) Forensic Science laboratory	2.32	R (+) 0.33	2.65	2.03	(-) 0.62
2070 – Other Administrative Services						
12.	108 –fire Protection and Control 0001 (01) Direction and Administration (Establishment for Fire Protection measures in IGP's office)	0.46	R (+) 0.04	0.50	0.43	(-) 0.07
Total		110.25	6.66	116.91	105.78	(-)11.13

As per the Appropriation Accounts for the year 2017-18, against available savings of ₹ 75.13 crore, no part of which was surrendered during 2017-18, as detailed in **Table 2.24** below:

Table 2.24: Savings occurred but not surrendered (₹ in crore)

Sl. No.	Grant No./ Appropriation	Name of Grant/Appropriation	Savings
1.	16	Police, Other Administrative Services, Housing, Capital Outlay on Police	55.01
2.		Revenue – Voted	
3.		Revenue – Charged	
		Capital – Voted	19.79
Total			75.13

2.9 Significant Findings

The financial management and budgetary control of the Government was not satisfactory. Government presented ambitious budget of ₹ 13621.73 crore³ for the year 2017-18, of which it could incur an expenditure of ₹ 9858.37 crore resulting in an overall savings of ₹ 3763.36 crore (27.63 per cent of total provision).

There were deficiencies in budgetary procedure and expenditure control. The estimates for receipts and expenditure were prepared without adequate due diligence in observing prescribed budgetary regulations. Delayed submission of departmental estimates, poor verification of departmental figures *etc.* indicates absence of financial control. In many cases, the anticipated savings were not surrendered for utilising these for other development purposes.

³ Original plus Supplementary.