

CHAPTER - II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

APPROPRIATION ACCOUNTS – 2000-2001 AT A GLANCE

Total No. of Grants : 80
Total No. of appropriations : 04

Total provision and actual expenditure

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	2550.21		
Supplementary	354.49		
Total Gross Provision	2904.70	Total Gross expenditure	2454.88
Deduct – Estimated recoveries as reduc- tion of expenditure	122.96	Deduct – Actual recoveries as reduction of expenditure	43.58
Total net provision	2781.74	Total net expenditure	2411.30

Voted and Charged provision and expenditure

	Provision (Rs. in crore)		Expenditure (Rs. in crore)	
	Voted	Charged	Voted	Charged
Revenue	1778.92	234.01	1515.60	222.75
Capital	587.15	304.62	399.39	317.14
Total Gross	2366.07	538.63	1914.99	539.89
Deduct –Recoveries in reduction of expenditure	122.96	-	43.58	-
Total : Net	2243.11	538.63	1871.41	539.89

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are approved by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

2.1.2 The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorized by the Appropriation Act.

2.1.3 The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and 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 summarized position of actual expenditure during 2000-2001 against grants/appropriations was as follows:

TABLE 2.1

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual Expenditure	Saving (-) Excess (+)
(Rupees in crores)						
Voted	I. Revenue	1654.43	124.49	1778.92	1515.60	(-)263.32
	II. Capital	315.98	72.00	387.98	200.26	(-)187.71
	III. Loans and Advances	7.42	1.75	9.17	9.13	(-) 0.04
Total Voted		1977.83	198.24	2176.07	1724.99	(-) 451.08
<i>Charged</i>	<i>IV Revenue</i>	<i>1.85</i>	<i>0.30</i>	<i>2.15</i>	<i>1.95</i>	<i>(-) 0.20</i>
	<i>V. Capital</i>	<i>0.10</i>	<i>3.36</i>	<i>3.46</i>	<i>3.30</i>	<i>(-) 0.16</i>
	<i>VI. Public Debt</i>	<i>380.43</i>	<i>152.59</i>	<i>533.02</i>	<i>534.64</i>	<i>(+) 1.62</i>
Total charged		382.38	156.25	538.63	539.89	(+) 1.26
Appropriation to contingency funds		190.00	-	190.00	190.00	-
Grand Total		2550.21	354.49	2904.70	2454.88	(-) 449.82

Note:

- These were gross figures without taking into account the recoveries adjusted in account as reduction of expenditure under revenue heads Rs.29.10 crore and Capital heads Rs.14.48 crore.
- The total expenditure was understated to the extent of unrecouped amount of Rs.0.14 crore drawn from Goa Contingency Fund

2.3 Results of Appropriation Audit

Excess over provision relating to previous years requiring regularization

2.3.1 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. However the excess expenditure amounting to Rs.71.42 crores for the year 1987-88 to 1999-2000 was yet to be regularized. Of these Rs.22.23 crore pertaining to the years 1987-88, 1988-89, 1990-91 to 1992-93 were overdue as these had been finally recommended for regularisation by the PAC.

TABLE 2.2

Year	No. of grants/ appropriation in the year	Grant/ Appropriation No.	Excess Amount (Rupees in crore)
1987-88	4	13,15,19 & 25	*
1988-89	1	22	**
1989-90	5	16,19,21,33&34	0.10
1990-91	3	1,12 & 30	***
1991-92	4	7,22,25 & 28	1.81
1992-93	6	21,26,31,34,41 & Public debt	20.41
1993-94	6	18,27,34,41,46 & Public debt	19.65
1994-95	7	20,24,27,29,37, 60,& 62	0.90
1995-96	9	1,8,18,23,28,36, 49,60, & 62	0.09
1996-97	6	1,37,42,57, Public Service Commission & Public Debt	14.75
1997-98	9	18,20,24,29,33, 37,49,61,& Public debt	11.96
1998-99	10	7,32,33,34, 35,36,37,46,53, & 59	1.35
1999-2000	6	9, 27, 40, 42, 46, 58	0.39
Total			71.42

2.4 Comments on Expenditure and Budgetary Control

2.4.1 The overall savings of Rs. 449.82 crore were the result of savings of Rs.464.61 crore in 75 grants and appropriations offset by excess of Rs.14.79 crore in 5 grants and appropriation.

* Rs..55,451.00

** Rs.11,766.00

*** Rs.2,075.00

- 2.4.2 Supplementary provisions made during the year constituted 13.90 per cent of the original provision as against 10.28 per cent in the previous year.
- 2.4.3 Supplementary provision of Rs.30.79 crore made in 29 cases during the year proved unnecessary in view of aggregate savings of Rs.324.44 crore detailed in Appendix-I.
- 2.4.4 In 18 cases against additional requirement of Rs.73.06 crore, supplementary grants and appropriation of Rs.126.33 crore were obtained resulting in savings in each case exceeding Rs.25 lakh aggregating Rs.53.28 crore. Details of these cases are given below:-

TABLE 2.3

Sr. No	Grant/Appropriation	Original	Supplementary	Total	Expenditure	Savings
Rupees in lakh						
Revenue – Voted						
1.	2 – General Administration and Co-ordination Dept.	790.50	141.96	932.46	834.41	98.05
2.	15 – Collectorate North Goa	398.00	58.00	456.00	418.29	37.71
3.	17 – Police	3632.00	494.07	4126.07	4019.34	106.73
4.	18 – Jails	168.00	57.66	225.66	199.05	26.41
5.	21 – Public Works	10830.62	4472.23	15302.85	14393.84	909.01
6.	35 – Higher Education	2627.80	237.63	2865.43	2815.08	50.35
7.	40 – Goa College of Engineering	350.85	89.62	440.47	404.89	35.58
8.	42 – Sports and Youth Affairs	515.00	440.63	955.63	921.83	33.80
9.	48 – Health Services	3806.50	526.52	4333.02	4053.13	279.89
10.	58 – Women and Child Development	731.00	171.00	902.00	761.76	140.24
11.	68 – Forest	865.40	549.19	1414.59	1159.27	255.32
12.	69 – Parks and Gardens	34.00	55.00	89.00	41.51	47.49
13.	74 – Irrigation	1720.00	466.05	2186.05	2014.77	171.28
14.	75 – Planning, Statistics and Evaluation	201.02	76.49	277.51	224.42	53.09
15.	77 – River Navigation Department	840.00	142.79	982.79	913.95	68.84
16.	78 – Tourism	314.50	153.98	468.48	360.20	108.28
Capital – Voted						
17.	21 – Public Works	8056.38	4307.71	12364.09	9559.91	2804.18
18.	43 – Art & Culture	70.00	192.68	262.68	161.38	101.30
Total		35951.57	12633.21	48584.78	43257.23	5327.55

- 2.4.5 The excess expenditure of Rs.14.79 crore under 4 grants and 1 appropriation require regularisation under Article 205 of the Constitution of India. Details of these grants are given below:

TABLE 2.4

Sr. No	Number and name of grant/ appropriation	Total grant or appropriation (Rs)	Actual expenditure (Rs)	Excess Expenditure (Rs)
1.	Appropriation – Debt Services	3,01,15,84,000	3,13,83,60,070	12,67,76,070
2.	8 – Treasury & Accounts Administration (North Goa)	90,42,00,000	92,51,85,510	2,09,85,510
3.	37 – Government Polytechnic	20,00,000	20,84,109	84,109
4.	44 – Goa College of Art	-	7,249	7,249
5.	58 – Women and Child Development	10,35,000	10,71,539	36,539
Total		3,91,88,19,000	4,06,67,08,477	14,78,89,477

- 2.4.6 In 12 cases expenditure fell short by more than Rs.10 lakh in each case and also by more than 10 per cent of the total provision as indicated below:-

TABLE 2.5 (Rupees in lakh)

Sr. No	Grants/ Appropriation	Original	Supplementary	Total	Expenditure	Savings
Revenue – Voted						
1.	6 – Election Office	48.00	49.59	97.59	75.91	21.68
2.	46 – Museum	56.00	-	56.00	30.58	25.42
3.	72 – Science, Technology & Environment	148.00	-	148.00	121.76	26.24
4.	80 – Legal Metrology	57.00	14.70	71.70	59.20	12.50
Capital – Voted						
5.	13 – Transport	140.00	-	140.00	120.93	19.07
6.	17 – Police	45.00	13.36	58.36	45.44	12.92
7.	19 – Industries	115.51	-	115.51	3.07	112.44
8.	34 – School Education	72.00	43.00	115.00	100.14	14.86
9.	36 – Technical Education	20.00	-	20.00	7.86	12.14
10.	39 – Government Polytechnic, Curchorem	30.00	-	30.00	11.10	18.90
11.	48 – Health Services	50.00	-	50.00	33.36	16.64
12.	67 – Ports Administration	95.50	-	95.50	24.15	71.35
Total		877.01	120.65	997.66	633.50	364.16

2.5 Anticipated Savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriation or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2000-2001 there were 17 grants in which savings had not been surrendered by the department. The amount involved was Rs.0.53 crore. In 15 grants the amount of available savings of Rs.20 lakh and above amounting to Rs.264.93 crore were surrendered partially. Details are given in Appendix-II and II-A.

2.6 Surrender in excess of savings

In 15 cases the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the total amount of actual savings of Rs.74.98 crore, the amount surrendered was Rs.75.68 crore resulting in excess surrender of Rs.0.70 crore. The details are given in Appendix-II-B.

2.7 Trend of recoveries and credits

2.7.1 Under the system of gross budgeting followed by Goa Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

2.7.2 In 8 grants the actual recoveries adjusted in reduction of expenditure of Rs.29.25 crore exceeded the estimated savings (Rs.22.91 crore) by Rs.6.34 crore and in 2 grants the actual recoveries (Rs.14.32 crore) were less than the estimated recoveries (Rs.100.05 crore) by Rs.85.73 crore. More details are given in Appendix of Appropriation Accounts 2000-2001.

2.8 Amounts held under objection for various reasons

2.8.1 Drawal of money by departments on abstract contingent bills, without adequate details and supporting documents, has been permitted by Government in order to enable the departments to make payments of an urgent nature. The facility is, however, subject to the condition that they shall submit to the Director of Accounts within one month detailed contingent bill with the supporting documents, duly countersigned by competent authorities.

2.8.2 According to the information furnished by the Director of Accounts, due to non-receipt of detailed contingent bills Rs.322.18 lakh drawn upto 31 March 2001 by various departments on abstract contingent bills were pending adjustment as on 30 September 2001. Of these Rs.11.39 lakh pertained to the period prior to 1 April 1996. Year-wise break up of this amount was as follows:

TABLE 2.6

Year	No. of Items	Amount (Rupees in lakh)
Up to 1996-97	15	11.40
1997-98	2	0.56
1998-99	10	3.88
1999-2000	23	61.35
2000-2001	67	244.99
Total	117	322.18

The departments against which substantial amounts were outstanding are detailed below:

TABLE 2.7

Sr. No	Department/Office	Number of AC bills	Amount (Rupees in lakh)	Earliest year to which A.C bill pertained
1.	Goa Medical College and Hospital	18	98.49	1981-82
2.	General Administration and Co-ordination	18	43.08	1990-91
3.	Director of Sports and Youth Affairs	14	38.91	1998-99
4.	Legislature Department	3	32.68	1999-2000
5.	Director General of Police	3	31.18	2000-2001
6.	Electricity Department	2	10.60	2000-2001
7.	Directorate of Archives and Archaeology	4	10.12	1999-2000

2.8.3 As regards the Bill for Rs.1.29 lakh outstanding since 1981-82, in Goa Medical College, the Department stated that the amount of Rs.1.29 lakh has been proposed for write off as the same is irrecoverable. As far as General Administration Department is concerned it was stated that the bills pertaining to Rs.27.35 lakh for the period from 1990-91 to 1994-95 were drawn on behalf of Science and Technology Department who were required to settle the bills on formation of separate department (July 1997). Information from Science and Technology Department was awaited.

2.8.4 Similarly Rs. 51.69 lakh representing advances to Government servants on account of Travelling allowances, Leave Travel Concessions etc. sanctioned upto 31.3.2001 were also pending final adjustment as of September 2001. The departments against which a large number of such advances were outstanding are detailed below:

TABLE 2.8

Sr. No	Department/Office	Number of advances	Amount (Rupees in lakh)	Earliest advances pending for settlement
1.	Director General of Police	54	2.88	1987-88
2.	Legislature Department	24	8.38	1982-83
3.	General Administration and Co-ordination Department	23	2.60	1987-88
4.	Public Works Department	21	3.70	1993-94
5.	Directorate of Education	11	7.73	1994-95
6.	Goa College of Engineering	15	0.63	1990-91
7.	Directorate of Agriculture	7	3.14	1993-94

2.8.5 As on 30 September 2001, grants-in-aid aggregating to Rs.99.71 lakh paid was found outstanding in the objection books due to non receipt of approved pattern of assistance from Government of India. Of these Rs.70.00 lakh paid to Captain of Ports was outstanding since 1990-91. No action has yet been taken to clear the objection.

2.8.6 As on 30 September 2001 an amount of Rs.705.23 lakh was outstanding for want of stamped receipts. Major departments against which huge amounts were outstanding were as follows:

TABLE 2.9

Sr. No.	Name of the Department/ Office	No. of cases	Amount (Rupees in lakh)	Period to which earliest observation pertains
1.	Irrigation Department	47	293.04	1994-95
2.	Collectorate of South Goa	84	409.25	1992-93

2.8.7 Besides Rs.3471.00 lakh were outstanding in the objection book against Irrigation Department for want of regularization of expenditure by competent authorities.

FINANCE DEPARTMENT

2.9 Advances from Contingency Fund

2.9.1 The Contingency Fund of the State of Goa was established under the Contingency Fund Act 1988, in terms of provision of Article 267 of Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which till its authorisation by the Legislature would be undesirable.

2.9.2 The Corpus of the Fund which was Rs.3 Crore till 1998-99 was enhanced to Rs.10 crore in August 1999 which was quite steep compared to the size of the corpus of the Contingency Fund of India at Rs. 50 crore. Corpus of the Fund was further temporarily increased to Rs.200 crore with effect from 29th November 2000 under the Goa Contingency Fund (Amendment) ordinance No.9 of 2000. On reassembling the Legislature in March 2001, the ordinance ceased to operate after six weeks. The temporary enhancement was primarily to enable the State Government to make withdrawals amounting to Rs.78.44 crore through sanction of 192 advances. Audit review disclosed that advances were sanctioned even though provisions for the same could have been made in the regular budget as discussed below:-

- i) In 26 cases advances amounting to Rs.11.26 crore comprising 14.35 per cent of the total advances sanctioned were sanctioned by Finance Department between June 2000 to March 2001 for pay and allowances of the staff.
- ii) In respect of 96 sanctions advance of Rs56.00 crore comprising 71.39 percent of total advances were obtained for routine expenditure such as purchase of Vehicles, House Building Advances, implementation of ongoing projects, loans to MLA's for purchase of Motor conveyance.
- iii) 29 sanctions amounting to Rs.9.39 crore comprising 11.97 percent were obtained for implementation of Centrally Sponsored Schemes.
- iv) 35 sanctions amounting to Rs.1.22 crore comprising 1.35 percent were obtained for setting decretal orders in arbitration awards and in Land Acquisition cases.
- v) Sanctions in respect of only 10 cases amounting to Rs.0.72 crore comprising 0.92 percent were obtained for natural calamities and for other purposes, the postponement of which till its authorisation by the Legislature was not possible.
- vi) One Sanction Order amounting to Rs.0.57 crore was subsequently reduced to Rs.0.30 crore Recoupment to the extent of Rs.78.07 crore only was done as on March 2001 leaving a balance of 0.37 crore.

2.9.3 Further scrutiny revealed that Rs.1.00 crore was advanced in May 2000 for the establishment of Fashion Technology and Private I.T. The approval of Planning Department and the Government file leading to the decision sanctioning the advance, though called for July 2000, was not furnished by the Director of Industries and Mines Department (August 2001).

2.9.4 The drawal of advances from Contingency Fund for pay and allowances of staff and other known expenditure was not in accordance with the rules and procedures relating to constitution of Contingency Fund and disbursement therefrom provided in the Constitution. This also showed that normal budgetary practices were dispensed with.

ALL DEPARTMENTS

2.10 Unreconciled expenditure

2.10.1 In order to ensure effective control over expenditure and to detect cases of possible fraudulent/irregular withdrawals etc., the department officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of Director of Accounts.

2.10.2 Apart from the standing instructions issued by Government in this regard, the Public Accounts Committee in its forty eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Officers. It was noticed that during 2000-2001 out of 82 Budget Controlling Officers, 10 Budget Controlling Officers had not carried out reconciliation in respect of 14 units out of 15 under their control for the full year. The expenditure involved in reconciliation was Rs.10.80 crore.