

CHAPTER II
APPROPRIATION AUDIT AND
CONTROL OVER
EXPENDITURE

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2.1 Introduction

In accordance with the provisions of Section 29 of the Government of Union Territories Act, 1963, soon after the grants under Section 28 are made by the Union Territory (UT) Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the UT. The Appropriation Act passed by the Legislature contains authority to appropriate certain sums from the Consolidated Fund of the UT for the specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Section 30 of the Government of Union Territories Act, 1963.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Sections 29 and 30 of the Government of Union Territories Act, 1963 and also the expenditure which is required to be charged on the Consolidated Fund of the UT. The Appropriation Accounts are prepared every year indicating the details of amounts spent on various specified services by the Government *vis-à-vis* those authorised by the Appropriation Act.

The objective of Appropriation audit is 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 demands for grants approved by the Legislature comprise Voted grants (Revenue and Capital) and Charged appropriations (Revenue and Capital) totalling 32 grants/appropriations. The summarised position of actual expenditure during 2004-05 against these grants and appropriations is as follows :

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving (-)/ Excess (+)
Voted	I Revenue	1,140.85	283.42	1,424.27	1,417.03	(-) 7.24
	II Capital	145.35	66.07	211.42	205.67	(-) 5.75
	III Loans and Advances	5.42	0.12	5.54	5.47	(-) 0.07
Total-Voted		1,291.62	349.61	1,641.23	1,628.17	(-) 13.06
Charged	IV Revenue	149.38	5.22	154.60	154.57	(-) 0.03
	V Capital	--	--	--	--	--
	VI Public Debt	70.00	36.89	106.89	106.89	--
Total-Charged		219.38	42.11	261.49	261.46	(-) 0.03
Grand Total		1,511.00	391.72	1,902.72	1,889.63	(-) 13.09

The overall saving of Rs 13.09 crore was the result of savings in 31 grants and five appropriations (45 cases). The schemes under which the savings mainly occurred and the reasons therefor are given in Appropriation Accounts for the year 2004-05.

2.3 Results of Appropriation Audit

Supplementary Provision

2.3.1 Supplementary provision constituted 26 *per cent* of the original provision as against 12 *per cent* in the previous year.

2.3.2 In nine cases, against additional requirement of Rs 145.42 crore, supplementary provisions of Rs 152.01 crore were obtained resulting in aggregate savings of Rs 6.59 crore (Details are given in **Appendix III**). The savings in each case exceeded Rs 10 lakh.

Audit scrutiny revealed that in 26 cases where Rs 17.42 crore were provided under supplementary grant, Rs 7.86 crore were not spent (Details are given

¹ These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure.

in **Appendix IV**). Of this, in five² cases the supplementary provision proved entirely unnecessary.

2.3.3 In 23 cases, expenditure fell short by Rs 50 lakh or more in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs 23.91 crore (Details are given in **Appendix V**).

2.3.4 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. In nine cases, re-appropriation proved either excessive/unnecessary or inadequate, by over Rs 5 lakh (Details are given in **Appendix VI**) in each case.

2.3.5 Anticipated savings not surrendered

The departments surrender the grants/appropriations or portions thereof whenever savings are anticipated. As against the total savings of Rs 13.09 crore in all grants/appropriations during 2004-05, the departments surrendered Rs 5.87 crore on 31 March 2005. It was, however, observed that anticipated savings of more than Rs 10 lakh each in nine cases amounting to Rs 6.59 crore were not surrendered (Details are given in **Appendix VII**).

2.3.6 Expenditure on Centrally Sponsored Schemes

Out of the grants received from the Government of India (GOI) for implementing Centrally sponsored schemes, the UT Government transferred Rs 26.77 crore to deposit head, as this amount could not be spent before the end of the year. Out of Rs 18.07 crore provided as Final Modified Grant (FMG) for implementing 96 Centrally sponsored schemes, Rs 16.04 crore (89 *per cent*) were spent. While no expenditure was incurred in respect of six schemes (FMG : Rs 0.31 crore), the expenditure was less than 50 *per cent* of provision in respect of seven schemes.

² Sl. Nos. 1, 2, 6, 15 and 21 of **Appendix IV**