

CHAPTER-II APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2000-2001 AT A GLANCE

Appropriation Accounts : Government of Sikkim
Total Number of Grants : 53

Total provision and actual expenditure

Table-2.1

Provision		Expenditure	
<i>(Rupees in crore)</i>			
Original	1175.19	Expenditure	957.20
Supplementary	111.71		
Total gross provision	1286.90	Total gross expenditure	957.20
Deduct-Estimated recoveries in reduction of expenditure	13.10	Deduct-Actual recoveries in reduction of expenditure	9.97
Total net provision	1273.80	Total net expenditure	947.23

Voted and Charged provision and expenditure

Table-2.2

	Provision		Expenditure	
	<i>(Rupees in crore)</i>			
	Voted	Charged	Voted	Charged
Revenue	914.70	91.42	686.14	87.14
Capital	248.81	31.97	151.26	32.66
Total Gross	1163.51	123.39	837.40	119.80
Deduct-recoveries in reduction of expenditure	13.10	-	9.97	-
Total Net	1150.41	123.39	827.43	119.80

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

2.1.2 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 provision 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

2.2.1 The summarised position of actual expenditure during 2000-2001 against 53 grants/appropriation was as follows:

Table-2.3

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
<i>(Rupees in crore)</i>						
Voted	I. Revenue	866.41	48.29	914.70	686.14*	(-) 228.56
	II. Capital	194.37	53.23	247.60	150.93	(-) 96.67
	III. Loans and Advances	1.21	Nil	1.21	0.33	(-) 0.88
Total Voted		1061.99	101.52	1163.51	837.40	(-) 326.11
Charged	IV. Revenue	91.23	0.19	91.42	87.14	(-) 4.28
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	21.97	10.00	31.97	32.66	(+) 0.69
Total Charged		113.20	10.19	123.39	119.80	(-) 3.59
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL		1175.19	111.71	1286.90	957.20**	(-) 329.70

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure of Rs. 9.97 crore.

** At the end of March 2001, Detailed Contingent Bills were not received as required under Rules from the Drawing and Disbursing Officers in support of Rs. 17.22 crore drawn on Abstract Contingent Bills. In absence of Detailed Contingent Bills, the genuineness of the expenditure could not be vouchsafed.

2.3 Result of Appropriation Audit

Excess over provision relating to previous years requiring regularisation

2.3.1 As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.1.34 crore for the years 1998-99 to 1999-2000 was yet to be regularised.

Table-2.4

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess (Rupees in crore)	Amount for which explanations not furnished to PAC
1998-99	04	38,44,45 and Public Debt	0.89	0.89
1999-2000	03	11, 43, 45	0.45	0.45
TOTAL			1.34	1.34

Excess over provision during 2000-01 requiring regularisation

2.3.2 In Revenue Section, there was an excess of Rs.4,96,114 in two grants and one appropriation and in Capital Section, there was an excess of Rs.69,99,942 in one grant and one appropriation. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table-2.5

Sl. No.	Number and name of grant / appropriation	Total grant / appropriation	Actual expenditure	Excess
<i>(In rupees)</i>				
REVENUE				
1	1 – State Legislature (Voted)	22557000	22564998	7998
2	Governor (Charged)	9532000	9532101	101
3	36 – Animal Husbandry (Voted)	74060000	74548015	488015
CAPITAL				
4	39 – Forestry and Wild Life (Voted)	500000	547700	47700
5	Public Debt (Charged)	319664000	326616242	6952242
	TOTAL	426313000	433809056	7496056

Savings

2.3.3 The ultimate/net savings of Rs.329.70 crore was the result of total gross savings of Rs.330.45 crore slightly offset by excess of Rs.0.75 crore. The details of savings and excess are as shown below:

Table-2.6

Section	No. of Grants/ Appropriation	Amount of Savings	No. of Grant/ Appropriation	Amount of Excess	Net amount of Savings
<i>(Rupees in crore)</i>					
Revenue	51	232.89	2	0.05	232.84
Capital	17	97.56	2	0.70	96.86
TOTAL		330.45		0.75	329.70

Unnecessary/Excessive Supplementary provision

2.3.4 Supplementary provision made during the year constituted 9.5 per cent of the original provision as against 4 per cent in the previous year. Supplementary provision of fund amounting to Rs.52.23 crore made in 21 cases during the year where the expenditure did not even come up to the level of original provision is detailed in **APPENDIX-I**.

Unutilised Provision and surrender thereof

2.3.5 Rules required that all savings should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure. Saving should not be held in reserve for possible future excess expenditure.

2.3.6 In the accounts for the year 2000-2001, it was noticed that against net saving of Rs.329.70 crore, the amount surrendered was Rs.122.39 crore at the fag end of financial year.

Anticipated savings not surrendered

2.3.7 Unutilised provisions of fund amounting to Rs.46.15 crore in 9 cases were not surrendered during the year. The details are given below:

Table-2.7

Sl. No.	Number and Name of Grant		Amount
			<i>(Rupees in crore)</i>
REVENUE			
1.	1	State Legislature (Revenue)	0.01
2.	2	Council of Ministers	0.01
3.	30	Nutrition	0.28
4.	37	Dairy Development	0.01
TOTAL			0.31
CAPITAL			
1	26	Urban Development	2.17
2	38	Fisheries	0.01
3	42	Co-operation	0.05
4	45	Power	5.91
5	48	Roads and Bridges	37.70
TOTAL			45.84
GRAND TOTAL			46.15

Surrender less than actual savings

2.3.8 Against the unutilised provisions of fund amounting to Rs.239.19 crore in 43 cases, an amount of Rs.76.02 crore only was anticipated and surrendered on the last day of financial year as detailed in **APPENDIX-II**.

Surrender in excess of actual savings

2.3.9 Against the actual savings of Rs.34.98 crore in 10 cases, an amount of Rs.36.27 crore was surrendered by the Government during the year i.e., an amount of Rs.1.29 crore was surrendered in excess as detailed in **APPENDIX-III**.

Persistent Savings

2.3.10 Persistent savings of 10 per cent and above were noticed in 9 cases during the last three years as detailed in **APPENDIX-IV**.

Unutilised Provision

2.3.11 Savings in the grants/appropriation were indicative of the defective budget estimation and a tendency of the concerned department to overestimate their requirement of fund. Scrutiny of Appropriation Accounts revealed that approved budget provisions were excessive and there were savings of more than Rs.10 lakh and also more than 10 per cent of the total provision in each case as detailed in **APPENDIX-V**.

Injudicious/irregular/inadequate re-appropriation

2.3.12 Re-appropriation is transfer of fund within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. Financial Rules enjoin that re-appropriation of fund shall be made only when it is known or anticipated that the re-appropriation from the unit from which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation for the said amount. Further, fund shall not be re-appropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings became available under other units later in the year.

2.3.13 Scrutiny of re-appropriation orders revealed non-observance of the rules resulting in incorrect re-appropriation. Some important instances involving injudicious/irregular/in-adequate re-appropriations are given in **APPENDIX-VI**.

Trend of recoveries and credits

2.3.14 Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. While appropriation audit is done by comparing gross expenditure with gross amount of grant, the excess/shortfall indicates inaccurate estimation of recoveries and defective budgeting.

2.3.15 During the year 2000-01, against the estimated recoveries of Rs.13.10 crore, actual recoveries were Rs.9.97 crore as shown in **APPENDIX-VII**.

Expenditure without provision

2.3.16 As per rules, no expenditure should be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.5.67 lakh was incurred in 2 cases as detailed below without the provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued:

Table-2.8

Sl. No.	Major Head/Name of Grant	Amount
		<i>(Rupees in lakh)</i>
1	2217 – Urban Development 191 Assistance to Local bodies, Corporation, Urban Development Authorities, Town Improvement Board 55 Grants to Local Bodies recommended by 10 th Finance Commission	4.17
2	2250 – Other Social Services 50 Other charges	1.50
	TOTAL	5.67