

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2002-2003 AT A GLANCE

The summarised position of original and supplementary grants/ appropriations and expenditure thereto is given below:

Appropriation Accounts : Government of Sikkim
 Total Number of Grants : 45(43 Grants, 2 Appropriations)
Total provision and actual expenditure

Table-2.1

(Rupees in crore)

Provision	Expenditure		
Original	2009.62	Expenditure	2144.39
Supplementary	277.73		
Total Gross provision	2287.35	Total Gross expenditure	2144.39
Deduct-Estimated recoveries in reduction of expenditure	13.31	Deduct-Actual recoveries in reduction of expenditure	12.38
Total Net provision	2274.04	Total Net expenditure	2132.01

Voted and Charged provision and expenditure

Table-2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1847.86	104.13	1790.97	104.03
Capital	295.01	40.35	209.05	40.34
Total Gross	2142.87	144.48	2000.02	144.37
Deduct-recoveries in reduction of expenditure	13.31	-	12.38	--
Total Net	2129.56	144.48	1987.64	144.37

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.

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 2002-2003 against 45 grants/appropriation was as follows:

Table-2.3

(Rupees in crore)

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess(+)
Voted	I. Revenue	1623.51	224.35	1847.86	1790.97 ^ψ 208.99 0.06	(-) 56.89
	II. Capital	259.38	35.22	294.60		(-) 85.61
	III. Loans and Advances	0.41	Nil	0.41		(-) 0.35
Total Voted		1883.30	259.57	2142.87	2000.02	(-) 142.85
Charged	IV. Revenue	98.91	5.22	104.13	104.03	(-) 0.10
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	27.41	12.94	40.35	40.34	(-) 0.01
Total Charged		126.32	18.16	144.48	144.37	(-) 0.11
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total		2009.62	277.73	2287.35	2144.39^Ω	(-) 142.96

^ψ These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure of Rs.12.38 crore

^Ω At the end of March 2003 detailed contingent bills were not received as required under Rules from the DDOs in support of Rs.21.76 crore drawn on abstract contingent bills. In the absence of DC 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.870.58 crore for the years 1998-99 to 2001-02 was yet to be regularised.

Table-2.4

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
1998-1999	04	38,44,45 and Public Debt	0.89	0.89
1999-2000	03	11, 43, 45	0.45	0.45
2000-2001	05	1,36,39, Public Debt & Governor	0.74	0.74
2001-2002	06	10,5,20,30,41 & Governor	868.50	868.50
Total			870.58	870.58

Excess over provision during 2002-03 requiring regularisation

2.3.2 In Revenue Section, there was an excess of Rs.81,00,245 in three grants and in Capital Section, there was an excess of Rs.1,93,74,154 in six grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table-2.5

(In Rupees)

Sl. No.	Number and name of grant / appropriation	Total grant / appropriation	Actual expenditure	Excess
	REVENUE			
1	10 – Finance	1309,11,52,000	1309,55,51,559	43,99,559
2	19 – Information Technology	1,00,00,000	10,02,43,32	24,332
3	23 – Land Revenue	22,90,67,000	23,27,43,354	36,76,354
	Total Revenue			81,00,245
	CAPITAL			
4	5- Culture	15100000	16169801	1069801
5	12 – Food, Civil Supplies & Consumer Affairs	3820000	3827218	7218
6	14 - Health & Family Welfare	33245000	33309018	64018
7	20 – Irrigation & Flood Control	20500000	29084396	8584396
8	30 – Planning & Development	35000000	44633612	9633612
9	38 – Sikkim Nationalised Transport	23535000	23550109	15109
	Total Capital			193,74,154
	Grand Total			274,74,399

Savings

2.3.3 The ultimate net savings of Rs.142.96 crore was the result of total gross savings of Rs.145.70 crore slightly offset by excess of Rs.2.74 crore. The details of savings and excess are as shown below:

Table-2.6

(Rupees in crore)

Section	No. of Grants/ Appropriation	Amount of Savings	No. of Grant/ Appropriation	Amount of Excess	Net amount of Savings
Revenue	43	57.79	3	0.81	56.98
Capital	23	87.91	6	1.93	85.98
Total		145.70		2.74	142.96

Unnecessary/Excessive Supplementary provision

2.3.4 Supplementary provision made during the year constituted 13.8 per cent of the original provision as against 9.14 per cent in the previous year. Supplementary provision of fund amounting to Rs.35.57 crore made in 22 cases during the year where the expenditure did not come up to the level of original provision is detailed in **APPENDIX-II**.

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.

In the accounts for the year 2002-2003, it was noticed that against net saving of Rs.142.96 crore, the amount surrendered was Rs.117.03 crore at the fag end of financial year.

Anticipated savings not surrendered

2.3.6 Unutilised provisions of fund amounting to Rs.1.45 crore in four cases were not surrendered during the year. The details are given below:

Table-2.7

(Rupees in crore)

Sl. No.	Grant No.	Name	Amount
Revenue			
1.	20	Irrigation & Flood Control	0.90
2.	43	Vigilance	0.08
Capital			
1	2	Animal Husbandry	0.14
2	39	Social Welfare	0.33
Grand Total			1.45

Surrender less than actual savings

2.3.7 Against the unutilised provision of funds amounting to Rs.133.31 crore in 28 cases, an amount of Rs.105.87 crore only was anticipated and surrendered on the last day of the financial year as detailed in **APPENDIX-III**.

Non-receipt of explanations for Savings/ Excess

2.3.8 After the closure of accounts each year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The State budget manual also requires the COs to furnish promptly all such information to the Deputy Accountant General (A&E) for preparation of the Appropriation Accounts.

Appropriation Accounts 2002-03 included 43 Grants and two appropriations involving 717 sub-heads. Of this 329 sub-heads attracted comments from the Government for excess/savings. The reasons for savings/excesses were called for by the Deputy Accountant General (A&E) in respect of these sub-heads. In 49 *per cent* cases, (162 sub-heads) explanations for variations were not received. The replies received in respect of 43 out of 167 sub-heads were incomplete.

Surrender in excess of actual savings

2.3.9 Against the actual savings of Rs.237.28 crore in seven cases, an amount of Rs.263.05 crore was surrendered by the Government during the year i.e., an amount of Rs.25.77 crore was surrendered in excess as detailed in **APPENDIX-IV**.

Persistent Savings

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

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-VI**.

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.

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-VII**.

Trend of recoveries and credits

2.3.13 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.

During the year 2002-03, against the estimated recoveries of Rs.13.31 crore, actual recoveries were Rs.12.38 crore as shown in **APPENDIX-VIII**.

Expenditure without provision

2.3.14 As per rules, no expenditure should be incurred on a scheme/service without provision of funds thereof. It was, however, noticed that expenditure of Rs.17.45 lakh was incurred in four 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

(Rupees in lakh)

Sl. No.	Major Head/Name of Grant	Amount
1	7 – Education 2202 – General Education 107 – Teachers’ Training 50 – State Institute of Education	3.43
2	13 – Forestry & Wildlife 2402 – Soil & Water Conservation 001 – Direction & Administration 01 – Agriculture Department	1.52
3	23 – Land Revenue 2029 – Land Revenue 101 – Collection Charges 45 – District Collectorate (South)	2.76
4	39- Social Welfare 2225 - Welfare of SC, ST & OBC 794 – Special Central Assistance for Tribal Sub-plan	9.74
	Total	17.45