

Chapter-II

Budgetary Control and Financial Management

2.1 Introduction

The 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 Charged Appropriations for different purposes as specified in the schedules appended to the Appropriation Acts passed by the Legislature. 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. The Appropriation Accounts is thus, a control document facilitating management of finances and monitoring of budgetary provisions and are therefore, complementary to Finance Accounts.

2.2 Audit of Appropriation Accounts for the current year

Audit of appropriation by the Comptroller and Auditor General of India (C&AG) seeks to ascertain whether 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.

2.2.1 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2013-14 against 81 Grants/Appropriations (78 Grants and three Appropriations) is indicated in **Table 2.1**.

Table 2.1: Summarised position of Actual Expenditure *vis-à-vis* Original/Supplementary provision

		(₹ in crore)				
Voted/ Charged	Nature of Expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	36,006.09	2,777.45	38,783.54	29,628.10	(-) 9,155.44
	II Capital	6,497.18	1,353.84	7,851.02	3,189.24	(-) 4,661.78
	III Loans & Advances	2,677.83	26.32	2,704.15	822.03	(-) 1,882.12
Total Voted		45,181.10	4,157.61	49,338.71	33,639.37	(-) 15,699.34
Charged	IV Revenue	2,483.54	0.04	2,483.58	2,391.08	(-) 92.50
	V Capital	--	--	--	--	--
	VI Public Debt Repayment	1,194.82	--	1,194.82	1,177.23	(-) 17.59
Total Charged		3,678.36	0.04	3,678.40	3,568.31	(-) 110.09
Appropriation to Contingency Fund (if any)		--	--	--	--	--
Grand Total		48,859.46	4,157.65	53,017.11	37,207.68	(-) 15,809.43

The overall savings of ₹ 15,809.43 crore was the net result of total saving of ₹ 17,333.14 crore in 74 grants and three appropriations under Revenue Section, and 28 grants and one appropriation under Capital Section offset by excess of ₹ 1,523.71 crore in three grants under Revenue Section and four grants under Capital Section.

The reasons for savings/excess were called for by the Principal Accountant General (Accounts & Entitlement) in respect of 1,979 sub-heads/sub sub-heads. Out of 1,979 sub-heads/sub sub-heads, explanations for variations were received for 194 sub-heads/sub sub-heads only within the specified period, of which explanations for variations in respect of 117 sub-heads/sub sub-heads were incorporated in the Appropriation Accounts of 2013-14. Thus, out of 1,979 sub-heads/sub sub-heads, explanations for variations in respect of 1,785 sub-heads/sub sub-heads were not received within the specified period and explanations for variations in respect of 77 sub-heads/sub sub-heads though received were either incomplete or unspecific.

2.2.2 Appropriation vis-à-vis Allocative Priorities

The audit of appropriation accounts revealed that in 59 cases relating to 50 grants, savings exceeded ₹ 10 crore in each case and also by more than 20 *per cent* of total provision (*Appendix 2.1*). Against the total savings of ₹ 17,333.14 crore, savings of ₹ 16,410.00 crore (94.67 *per cent*) occurred in 41 cases relating to 35 grants and one appropriation where savings were ₹ 50 crore and above in each case as indicated in *Appendix 2.2*. Reasons for savings were awaited (December 2014).

2.2.3 Excess Expenditure

In two cases, expenditure of ₹ 4,675.26 crore exceeded the approved provision by ₹ 1,400.91 crore and also by more than 20 *per cent* of the total provision. Details are given in *Appendix 2.3*.

2.2.4 Expenditure without Provision

According to Chapter-8 (Paragraph-8.3) of the Assam Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of ₹ 686.44 crore was incurred in 86 cases as depicted in *Appendix 2.4* without any provision in the original estimates/supplementary demand and without issue of any re-appropriation order(s) to that effect. Significant cases of such expenditure are also given in **Table 2.2**.

Table 2.2: Expenditure incurred without Provision during 2013-14

Sl No.	Grant No./ Appropriation	Major Head of Accounts-Sub-Head-Detailed Head		(₹ in crore)
				Expenditure without provision
1	30	2215-0291	Miscellaneous Public Works Advances	12.70
2	44	4552-3608	State Share of Loan Component of NEC project	15.36
3	64	3054-799-0291	Miscellaneous Public Works Advances	331.92
4	76	4552-3209	Borjan Irrigation Scheme, Sixth Schedule (Pt. I) areas	26.11
5	78	4552-226	W.P.T & B.C. Department, Sixth Schedule (Pt. I) areas	51.07
6	78	4701-944	Champamati Irrigation Project, Sixth Schedule (Pt. I) areas	42.15
7	78	5054-337	Road Works, Sixth Schedule (Pt. I) areas	38.31
8	78	5054-04-800	Other Expenditure, Sixth Schedule (Pt. I) areas	15.63

Thus, the expenditure so incurred by the respective departments was unauthorised, irregular and against the spirit of financial regulations.

2.2.5 Drawal of funds to avoid lapse of budget grant

According to Assam Treasury Rules & Subsidiary Orders (Rule 16, SO 50) read with Rules 62 and 63 of Assam Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of the cases mentioned in *Appendix 2.5* it was found that the amount of ₹ 95.12 crore drawn at the end of the year was deposited into the head of account 8443-Civil Deposit to avoid lapse of budget grant.

2.2.6 Excess over provision relating to previous years requiring regularisation

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. Although no time limit for regularisation of expenditure had been prescribed under the Article, the regularisation of excess expenditure is done after completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Although the excess expenditure amounting to ₹ 2,029.10 crore for the years 2002-03 to 2004-05 had been recommended for regularisation by the PAC vide its 117th Report placed before the State Legislature on 3 April 2008, the regularisation of the aforesaid excess expenditure by the State Legislature was awaited. The total excess expenditure amounting to ₹ 4,459 crore for the years 2002-03 to 2012-13 had not been regularised (December 2014) as detailed in *Appendix 2.6*. The year-wise position

of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.3**.

Table 2.3: Excess expenditure over provision relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2002-03	5	6	1,618.86	Recommended for regularisation vide 117 th PAC Report. Legislative approval awaited.
2003-04	4	3	404.36	
2004-05	5	6	5.88	
2005-06	2	2	2.45	Not yet discussed by PAC.
2006-07	4	2	80.61	Not yet discussed by PAC.
2007-08	9	2	113.24	Not yet discussed by PAC.
2008-09	6	2	108.40	Not yet discussed by PAC.
2009-10	3	-	10.18	Not yet discussed by PAC.
2010-11	1	1	4.27	Not yet discussed by PAC
2011-12	5	2	915.14	Not yet discussed by PAC
2012-13	4	-	1,195.61	Not yet discussed by PAC
Total	48	26	4,459.00	

Thus, the excess expenditure of ₹ 4,459 crore requires regularisation under Article 205 of the Constitution of India.

2.2.7 Excess over provision during 2013-14 requiring regularisation

Table 2.4 contains the summary of total excess expenditure in five grants amounting to ₹ 1,499.89 crore incurred over authorisation from the Consolidated Fund of State (CFS) during 2013-14.

Table 2.4: Excess expenditure over provision during 2013-14 requiring regularisation

(₹ in crore)

Sl No.	Number and title of Grants/ Appropriations	Total Grants/ Appropriation	Expenditure	Excess
1	23-Pension and Other Retirement Benefits (Revenue Voted)	3,164.59	4,252.85	1,088.26
2	40-Sainik Welfare and Other Relief Programmes (Revenue Voted)	32.80	34.84	2.04
3	55-Forestry and Wildlife (Capital Voted)	-	0.78	0.78
4	64-Roads and Bridges (Revenue Voted)	861.78	957.94	96.16
5	78-Welfare of Plain Tribes & Backward Classes (B.T.C.) (Capital Voted)	109.76	422.41	312.65
Total		4,168.93	5,668.82	1,499.89

Thus, the excess expenditure requires regularisation under Article 205 of the Constitution.

2.2.8 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 3,141.58 crore obtained in 51 cases amounting to ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure under the respective heads was even less than the original budget provision as detailed in *Appendix 2.7*.

2.2.9 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. Injudicious re-appropriation proved excessive and resulted in savings of ₹ 10 lakh and above in nine sub-heads/sub sub-heads out of which the saving in one sub-head was more than ₹ two crore as detailed in *Appendix 2.8*. Moreover, in 46 cases the re-appropriation also proved unnecessary as the saving was more than the re-appropriation and resulted in savings of ₹ 10 lakh and above under the respective heads. Of these, the savings were even more than ₹ two crore in 20 sub-heads as detailed in *Appendix 2.9*.

Thus, substantial savings of more than ₹ two crore registered in 21 cases, where the re-appropriation was made, indicate that the funds could not be spent as estimated and planned under the respective heads.

2.2.10 Substantial surrenders

Substantial surrenders (sum exceeding ₹ 10 crore and above in each case) were made in respect of 14 cases on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 13,917.72 crore in those 14 cases, ₹ 1,270.18 crore (nine per cent) was surrendered during the year. The details are given in *Appendix 2.10*.

Of these in seven cases surrenders exceeding ₹ 10 crore were made on 31 March 2014. The details of such cases are given in **Table 2.5**.

Table 2.5: Cases of surrender in excess of ₹ 10 crore on 31st March 2014

Sl No.	Number and Name of Grant	Major Head	Budget Provision	(₹ in crore)	
				Surrender	Percentage of surrender to total provision
1	18-Fire Services	2070	118.83	22.94	19.30
2	20-Civil Defence and Home Guards	2070	175.59	14.73	8.39
3	37-Food Storage, Warehousing & Civil Supplies	2408	216.62	148.55	68.58
4	54-Fisheries	2405	109.59	37.82	34.51
5	59-Sericulture and weaving	2851	421.61	32.44	7.69
6	71-Education (Elementary, Secondary etc.)	2202	7,683.32	29.28	0.38
7	75-Information Technology	4859	65.94	22.24	33.73

Thus, surrender of funds at the end of March 2014 indicates inadequate financial control by the respective departments. Had the surrenders been made in time, the funds could have been utilised for other development purposes.

2.2.11 Anticipated savings not surrendered

According to Para 11.17 of Assam Budget Manual, the spending departments were required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings were anticipated. At the close of the year 2013-14 there were however, 52 grants/appropriations in which substantial savings of ₹ five crore and above occurred but surrenders were not made by the concerned departments. The amount involved in those cases was ₹ 12,300.94 crore (71 *per cent* of the total savings) (*Appendix 2.11*).

In addition to above, total savings of ₹ 4,692.39 crore occurred under 11 grants (saving of ₹ five crore and above registered in each grant) out of which only ₹ 78.43 crore (two *per cent*) was surrendered and ₹ 4,633.96 crore (98 *per cent*) were not surrendered, details of which are given in *Appendix 2.12*.

2.2.12 Rush of expenditure

According to the Subsidiary Order 50 of Assam Treasury Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of five major heads under three Grants listed in *Appendix 2.13*, expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the month of March 2014. **Table 2.6** presents the major heads where more than 90 *per cent* of the total expenditure was incurred during the last month of the financial year.

Table 2.6: Cases of rush of expenditure (90 *per cent* and above) towards the end of the financial year 2013-14

Sl No.	Grant No and Name	Head of Account	Total expenditure during the year	(₹ in crore)	
				Expenditure during March 2014	
				Amount	Percentage of total expenditure
1	11 Secretariat and Attached Offices	7465	5,03.18	5,03.18	100.00
2	62 Power (Electricity)	2801	1,51.44	1,49.12	98.47

For a sound financial management, uniform pace of expenditure should be maintained. Thus, contrary to the spirit of financial regulation, a substantial amount incurred by the department at the end of the year is indicative of poor financial control over the expenditure.

2.3 Reconciliation of Departmental figures

2.3.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

The Contingency Manual of the Government of Assam stipulates that detailed bills for the charges drawn in Abstract Contingent (AC) bills in a month should be submitted to the Controlling Officer by the 2nd of the following month. The Controlling Officer shall dispatch all Detailed Countersigned Contingent (DCC) bills to the Principal Accountant General (A&E) by 25th of the following month. The Treasury Officers should ensure that no payment is made after the 10th of a month on any AC bill unless it is certified by the drawing officer that all DCC bills for sums drawn on AC bills in the previous month have been forwarded to the Controlling Officer. The total amount of DCC bills received was only ₹ 1,285.09 crore against the amount of AC bills of ₹ 2,834.71 crore leading to an outstanding balance of DCC bills of ₹ 1,549.62 crore as on 31 March 2014. Year-wise details are given in **Table 2.7** below.

Table 2.7: Pendency in submission of DCC bills against the AC bills

Year	Amount of AC bills	Amount of DCC bills	DCC bills received as percentage to AC bills	(₹ in crore)
				Outstanding DCC bills
Upto 2011-12	2,072.81	1,249.58	60.28	823.23
2012-13	320.97	31.67	9.87	289.30
2013-14	440.93	3.84	0.87	437.09
Total	2,834.71	1,285.09	45.33	1,549.62

Department-wise pending DCC bills for the years up to 2013-14 are detailed in **Appendix 2.14**.

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.

2.3.2 Un-reconciled Receipt and Expenditure

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, Financial Rules stipulate that receipt and expenditure recorded in their books be reconciled by them every month during the financial year with those recorded in the books of the Principal Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of COs in this regard continued to persist during 2013-14 also as indicated in **Table 2.8**.

Table 2.8: Status of Reconciliation of Receipt and Expenditure figures

Sl No.	Particulars	Total No. of Chief Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
1	Receipts	59	1 ¹	1	57
2	Expenditure	59	--	42	17

It would be evident from the above table that during 2013-14, out of 59 Controlling Officers (COs), only one of them carried out full reconciliation of departmental receipts figures with those reflected in the books of Office of the Principal Accountant General (A&E), Assam.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions not only facilitates misclassifications of the expenditure but also defeats the very objectives of budgetary process.

Thus, there is a need to impress upon the COs to reconcile their receipts and expenditure regularly to ensure correctness of the accounts.

2.4 Personal Deposit Accounts

The operations of Personal Deposit Accounts (PDA) are allowed/authorised on the basis of proposal(s) received from concerned department(s) along with sanction(s) of the Finance Department of the Government of Assam. As per specific instructions, the PDA remains operative for a financial year *i.e.*, 1 April to 31 March and is required to be closed at the end of the financial year and if needed, PDA may be re-opened next year by observing the usual procedure.

Information obtained from Principal Accountant General (Accounts and Entitlement), Assam regarding operation/closure of PDA during 2013-14 revealed that 46 PD Accounts involving ₹ 14.23 crore were operative as on 31 March 2014 violating provisions in this regard by the concerned departments.

The Departmental officers also had not conducted verification/reconciliation of the balances with those maintained by the office of the Principal Accountant General (Accounts and Entitlement).

This practice of retaining funds in the Personal Deposit Accounts after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

¹ Forest Department

2.5 Outcome of review of selected Grant

2.5.1 Introduction

The outlays on the various activities of Government are met from the Consolidated Fund which is made up of revenue receipts, loan raised by Government and recoveries of loans and advances made by the State Government. No money can be withdrawn from the Consolidated Fund of a State for expenditure by Government unless the State Legislature approves the amount to be spent under a Major Head (or a Group of Major Heads) during the year beginning from 1 April to 31 March. This approval takes the form of Budget Grant. Demands for Grants are placed before the Legislature at the beginning of each financial year.

A review of budgetary procedure and control over expenditure was conducted (July-August 2014) in respect of Major Head 2711-Water Resources (Flood Control and Drainage) and 4711-Capital out lay on Flood Control Projects under Grant No. 63. Review of the Major Heads under the aforesaid Grant revealed that mandatory provisions of Budget Manual, Financial Rules etc., regarding drawal and utilization of funds from the Consolidated Fund of the State were being bypassed by the concerned authorities and the accountability obligations were not always fulfilled as brought out in the succeeding paragraphs.

2.5.2 Delayed submission of budget estimates

As envisaged in Para 6.1 of the Assam Budget Manual 2012, the Administrative Heads are required to submit the budget estimates of receipts and expenditures for the coming (next) year along with revised estimates for the current year to the Finance Department by the 15 October each year both for General and Sixth Schedule Areas.

Test-check of records of Water Resources Department however, revealed that the budget estimates in respect of receipts and expenditures for 2013-14 were submitted belatedly to the Finance Department as indicated in the **Table 2.9**.

Table -2.9

Sl. No.	Grant No.	Name of the Controlling Officer	Due date of submission of Budget Estimates to the Finance Deptt.	Actual date of sending of Budget Estimates to the Finance Deptt.	Delay in submission (in days)
1	63	Deputy Secretary (I) to the Govt. of Assam	15/10/2012	01/11/2012	17 days

(Source: Departmental records)

2.5.3 Unrealistic budget estimation

Assam Budget Manual provides that on receipt of the estimates from the subordinate estimating officers, the Controlling Officers will scrutinize and consolidate them for each major head or for the several minor heads for which the Controlling Officer is responsible. The Controlling Officer will then forward the estimates to the Administrative Department and the Finance Department along with copy of each of the estimates received from the estimating officer.

The summarized position of budget provision and actual expenditure there against during 2013-14 in respect of Major Heads 2711 and 4711 under Grant No. 63 is presented in **Table 2.10**.

Table – 2.10

(₹ in crore)

Nature of expenditure	Major Head	Budget Provision			Actual expenditure	Excess (+) / Saving (-)	Per cent
		Original	Supplementary	Total			
Revenue	2711	250.34	0	250.34	223.61	-26.73	10.68
Capital	4711	1,200.58	30.90	1,231.48	159.95	-1,071.53	87.01
Total		1,450.92	30.90	1,481.82	383.56	(-)1,098.26	

(Source: Appropriation Accounts)

The above table shows that there was overestimation of funds (saving) in the budget ranging from 10.68 to 87.01 *per cent* of the total available funds under Grant No. 63. This was indicative of the fact that the estimation was made without proper analysis of actual needs.

2.5.4 Unnecessary Supplementary Grant

Supplementary Grant as defined in the Para-8 of Budget Manual means an additional provision included in an Appropriation act during the course of a financial year, to meet expenditure in excess of the amount previously included in the Appropriation act for that year.

Test check of five schemes under Major Head 4711 however, revealed that against the Supplementary provision of ₹ 30.90 crore, only an expenditure of ₹ 5.79 crore (18.74 *per cent*) was incurred by the Department resulting in overall savings of 81.26 *per cent* against the supplementary provisions under the Grant during 2013-14. The scheme-wise details of unnecessary Supplementary Grant are shown in the **Table 2.11**.

Table-2.11

(₹ in crore)

Sub Head	Sub-Sub head	Name of Project	Supplementary grant	Expenditure	Savings	Percentage of savings
0117	-	Barak Valley Flood Control Project	20.00	5.79	14.21	71.05
0120	755	Protection of Simulguri Town and adjoining areas from the erosion of river Dikhow	5.00	0	5.00	100
	756	Extension of A/E measure Dehing Bund R/B Bhogamur to Sesamukh at 4 th Km Panimurigaon	2.00	0	2.00	100
	757	A/E measures to protect Kochudola and Tirubari Village Area from the erosion of river Champamati	2.00	0	2.00	100
	758	A/E measures to protect Sonari Town from the river Towka	1.90	0	1.90	100
Total			30.90	5.79	25.11	81.26

(Source: Detailed Appropriation Accounts)

Thus, overall savings in above mentioned five schemes was indicative of the fact that supplementary provisions were made without assessing the actual requirement of funds.

2.5.5 Lack of Budgetary control/ Monitoring

In order to watch over progress of expenditure and the provision of additional funds when necessary, a statement in Form-O in duplicate should be submitted by controlling officer twice a year to reach the Finance Department, once by 25th November and again by the 1st January at the latest under the provision of Para 11.16 of Budget Manual. The first statement should be based on the previous seven months actual and the second on eight months actual, specifying the reasons for anticipated savings and excesses of expenditure over the sanctioned Budget Grant under each head. These returns would enable Finance Department to consider adjustment of budgetary provisions and additional financial implication, if any.

Scrutiny of relevant records maintained by the Chief Engineer, (CE) Water Resources, Assam however, disclosed that no such statement/return was prepared and found to have been submitted to the Finance Department. On this being pointed out CE stated that Form-O was not submitted to the Finance department due to non receipt of relevant information from the concerned DDOs. This indicated that the Finance Department never insisted upon the CO for submission of statement to watch over the progress of expenditure which resulted in shortcoming like unutilized budget provision, rush of expenditure etc.

Non preparation and non submission of return on progress of expenditure was contrary to the provision of budget manual and observed as lack of prescribed budgetary control/monitoring system to watch over the progress of expenditure.

2.5.6 Unutilized budget provision

It was observed that 100 *per cent* savings were occurred in three sub-heads during 2013-14 under Major head of account 4711-Capital outlay on Flood Control Projects (FCP) as per statement of savings submitted by the Department as detailed in **Table 2.12**

Table-2.12

(₹ in crore)						
Grant No.	Major Head of account	Sub head	Category of expenditure	Original provision	Suppl. provision	Savings
63	4711	0120 Brahmaputra FCP	Plan	95.95	-	95.95
		0117 Barak Valley FCP	Plan	9.05	-	9.05
		One time ACA/SPA	Plan	1.50	-	1.50
		Total		106.50		106.50

The Controlling Officer could not utilize any part of the provision made in the budget, was indicative of the fact that the provisions made in the budget against these heads were either unrealistic or the funds could not be utilized as estimated and planned.

2.5.7 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules, Budget Manual and executive instructions stipulate that expenditure recorded in their books be reconciled by them every quarter during the financial year with that recorded in the books of the Principal Accountant General (A&E). Even though the issue of non reconciliation of Departmental figures was being pointed out regularly in Audit Reports, lapses on the part of the Controlling Officers in this regard continued to persist during 2013-14 also. During 2013-14, difference of ₹ 3.68 crore² was noticed between the expenditure figures booked as per the Departmental records with those of office of the Principal Accountant General (A&E).

1.	Figures booked as per O/o PAG (A&E) record	₹ 121.63 crore
2.	Departmental expenditure figures	₹ 117.95 crore
3.	Difference	₹ 3.68 crore

Failure on the part of the Controlling Officer to reconcile the expenditure of State Government may lead to the fraudulent and excess drawal of the fund over the budget provision and therefore, periodical reconciliation of accounts should be ensured by the Government.

2.5.8 Rush of expenditure

According to the Subsidiary Order 50 of Assam Treasury Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, 100 *per cent* of total expenditure (₹ 35.60 crore) was incurred in the month of March 2014 only, in 19 cases/schemes under Major Head-4711 during 2013-14 as detailed in *Appendix-2.15*.

For a sound financial management, uniform pace of expenditure should be maintained. Thus, contrary to the spirit of financial regulation, the entire amount incurred by the department at the fag end of the year was indicative of poor financial control over the expenditure.

2.5.9 Anticipated savings not surrendered

Under the provision of Para-11.17 of Assam Budget Manual, Controlling Officers are required to surrender to the Finance Department all savings anticipated in the budget under their control on or before 15 February each year. It is important that Controlling Officer surrenders to the Government all anticipated savings immediately when they are foreseen without waiting till the end of the year and that the CO should not hold any savings in reserve for the possible future excesses.

A scrutiny of Appropriation Account disclosed that savings of ₹ 1,098.26 crore (Table 2.10 refers) both under Revenue (2711) and Capital heads (4711) under Grant No. 63 were not surrendered at the end of the year by the Water Resources Department.

2.5.10 Persistent savings

Review of Grant No. 63 disclosed persistent savings ranging from 57 to 74 *per cent* of the total provision had occurred during the last five years as detailed in **Table 2.13**.

Table-2.13

(₹ in crore)

Grant No.	Name of Grant	Year	Total Grant	Total Expenditure	Savings (percentage)
63	Water Resources	2009-10	1,245.15	394.27	850.88 (68)
		2010-11	892.06	384.20	507.86 (57)
		2011-12	1,114.25	478.46	635.79 (57)
		2012-13	1,701.36	517.87	1,183.49 (70)
		2013-14	1,481.82	383.56	1,098.26 (74)
Total			6,434.64	2,158.36	4,276.28

(Sources: Appropriation Account)

Persistent savings occurred under the Grant indicated that the process of preparation of budget estimates by the department was unrealistic and needs to be revisited.

2.6 Conclusion and Recommendations

During 2013-14, expenditure of ₹ 37,207.68 crore was incurred against the total grants and appropriations of ₹ 53,017.11 crore resulting in savings of ₹ 15,809.43 crore. The overall savings of ₹ 15,809.43 crore was the net result of total saving of ₹ 17,333.14 crore offset by excess of ₹ 1,523.71 crore.

The excess expenditure amounting to ₹ 1,499.89 crore incurred over authorization in five grants during 2013-14 requires regularisation under Article 205 of the Constitution of India. At the close of the year 2013-14, there were 52 grants/ appropriations in which savings (savings of ₹ five crore and above) of ₹ 12,300.34 crore (71 *per cent* of the total savings) occurred but no surrenders were made by the concerned departments.

(Paras-2.2.1, 2.2.7 and 2.2.11)

Injudicious re-appropriation proved excessive or unnecessary and resulted in savings of ₹ 10 lakh and above in 55 sub-heads/sub sub-heads. Rush of expenditure was noticed in respect of five Major heads where expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred alone in the month of March 2014.

(Paras-2.2.9 and 2.2.12)

Funds amounting to ₹ 95.12 crore drawn at the end of the year were deposited into the head of account -8443-Civil Deposit to avoid lapse of budget grant, bypassing legislative control. Besides, funds amounting to ₹ 14.23 crore retained in Personal Deposit Accounts after the close of the financial year, was against the spirit of financial regulations.

(Paras-2.2.5 and 2.4)

The total amount of DCC bills received was only ₹ 1,285.09 crore against the AC bills amounting to ₹ 2,834.71 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 1,549.62 crore as on 31 March 2014.

(Para-2.3.1)

Out of 59 Controlling Officers (COs), only one of them carried out full reconciliation of departmental receipts figures with those reflected in the books of Office of the Principal Accountant General (A&E), Assam.

(Para-2.3.2)

- *Savings are to be worked out beforehand and surrendered before the close of the financial year for its effective utilization in other areas/schemes requiring funds.*
- *The expenditure should be planned in advance and incurred uniformly throughout the year to avoid rush of expenditure at the fag end of the financial year.*
- *Parking of funds in the Personal Deposit Accounts to avoid lapse of budget is fraught with the risk of misuse of funds and therefore, needs to be avoided.*
- *A close and rigorous monitoring mechanism should be put in place by the DDOs for timely submission of Detailed Countersigned Contingent (DCC Bills).*
- *Finance Department should ensure strict compliance of codal provisions as well as its own instructions to honour Public Finance Accountability norms.*
- *Reconciliation and verification of figures is an important tool. Failure to exercise/adhere to the codal provisions and executive instructions not only facilitates misclassifications of the expenditure but also leads to defeat the very objectives of budgetary process.*

