

CHAPTER-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 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 appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. 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 authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

2.1.2 Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization 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 summarized position of actual expenditure during 2014-15 against 31 grants/appropriations is given in **Table 2.1**.

Table-2.1: Summarized position of Original/ Supplementary Provisions *vis-à-vis* Actual Expenditure during the year 2014-15

(₹ in crore)									
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of Saving Surrendered by 31 March
Voted	I Revenue	2,06,69.12	33,12.22	2,39,81.34	1,87,16.18	(-) 52,65.16	35.90	35.90	100
	II Capital	45,89.87	23,39.67	69,29.54	67,57.20	(-) 1,72.34	1.39	1.39	100
	III Loans and Advances	2,12.59	1,34.90	3,47.49	1,50.98	(-) 1,96.51	0.00	0.00	0.00
Total Voted		2,54,71.58	57,86.79	3,12,58.37	2,56,24.36	(-)56,34.01	37.29	37.29	100
Charged	IV Revenue	31,22.90	3.56	31,26.46	24,52.89	(-)6,73.57	0.00	0.00	0.00
	V Capital	1.50	00	1.50	1.00	(-) 0.50	0.00	0.00	0.00
	VI Public Debt- Repayment	17,57.79	00	17,57.79	10,74.05	(-)6,83.74	0.00	0.00	0.00
Total Charged		48,82.19	3.56	48,85.75	35,27.94	(-)13,57.81	0.00	0.00	0.00
Appropriation to Contingency Fund (if any)		-	1,50.00	1,50.00	1,50.00	--	0.00	0.00	0.00
Grand Total		3,03,53.77	59,40.35	3,62,94.12	2,93,02.30	(-)69,91.82	37.29	37.29	100

Source: Appropriation Accounts.

As shown in **Table-2.1**, there was saving of ₹ 69,91.82 crore which was the result of saving of ₹ 89,14.64 crore in grants and Appropriations under Revenue Section (37 cases), and Capital Section (25 cases) offset by excess of ₹ 19,22.82 crore in four

grants under Capital (Voted) and one Appropriation under Revenue (Charged) Section.

Departments and Sections against which significant savings (more than ₹ 100 crore) were noticed during the year 2014-15 are given in **Table 2.2**.

Table-2.2: Details of significant savings (more than ₹ 1,00 crore) noticed during 2014-15

(₹ in crore)

Sl. No.	Number & Name of Grant	Section	Amount	Total Amount
1.	06-Revenue & General Administration	Revenue –Voted	10,37.70	10,37.70
2.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	Revenue –Voted	4,80.28	18,21.46
		Revenue –Charged	6,57.44	
		Capital-Charged	6,83.74	
3.	10-Police & Jail	Revenue –Voted	1,00.55	1,00.55
4.	11-Education, Sports, Youth Welfare & Culture	Revenue –Voted	7,41.48	9,31.36
		Capital-Voted	1,89.88	
5.	12-Medical, Health & Family Welfare	Revenue –Voted	3,97.34	3,97.34
6.	13-Water Supply, Housing & Urban Development	Revenue –Voted	1,75.86	6,53.71
		Capital-Voted	4,77.85	
7.	15-Welfare	Revenue –Voted	3,42.56	3,42.56
8.	19-Rural Development	Revenue –Voted	6,51.46	8,71.09
		Capital-Voted	2,19.63	
9.	20-Irrigation & Flood	Capital-Voted	2,47.86	2,47.86
10.	21-Energy	Capital-Voted	3,61.66	3,61.66
11.	22-Public Work	Revenue –Voted	2,05.45	2,05.45
12.	25-Food	Revenue –Voted	2,24.72	2,24.72
13.	26-Tourism	Capital-Voted	1,79.96	1,79.96
14.	27-Forest	Revenue –Voted	1,19.93	1,19.93
15.	30-Welfare of Scheduled Castes	Revenue –Voted	2,69.50	5,69.18
		Capital-Voted	2,99.68	
Total			80,64.53	80,64.53

Source: Appropriation Accounts.

Similarly, departments against which significant excess expenditure over the allotments was noticed during the year 2014-15, were Food (₹ 17,38.25 crore), Public Works (₹ 1,59.79 crore) and Agriculture Works and Research (₹19.76 crore).

The savings/excess (Detailed Appropriation Accounts) were intimated (July 2015) to the Controlling Officers requesting them to furnish reasons for the substantial savings/excess. Their replies were yet to be received (September 2015).

2.3 Financial Accountability and Budget Management

2.3.1 Excess Expenditure

As per paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual (UBM), incurring of unauthorised excess expenditure is most objectionable and must be avoided. In four cases, expenditure aggregating ₹ 34,02.19 crore exceeded the approved provision by ₹ 19,22.80 crore which was more than ₹ one crore in each case or by more than 20 per cent of the total provision. Details are given in **Appendix-2.1**. Of these, excess expenditure has been observed consistently in **Grant No. 25-Food** during the last five years as detailed in **Table 2.3**.

Table-2.3: List of Grant indicating persistent excess expenditure during 2010-15

(₹ in crore)

Sl. No.	No. and Name of grant	Amount of excess expenditure				
		2010-11	2011-12	2012-13	2013-14	2014-15
Capital-Voted						
1	25-Food	12,07.14	12,83.25	18,10.59	17,75.56	17,38.25

Source: Appropriation Accounts.

The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis.

2.3.2 Expenditure without provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 5 crore was incurred in one case as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.4: Expenditure incurred without provision during 2014-15

(₹ in crore)

Sl. No.	No. and Name of Grants	Amount of expenditure without provision
1.	29-Horticulture Development (Capital-Voted)	5.00

Source: Appropriation Accounts.

Reasons for expenditure incurred without provision in 2014-15 were not intimated by the Government (August 2015).

2.3.3 Excess over provision relating to previous years requiring regularization

Paragraph 121 of Chapter XIII of the UBM envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the total final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Articles 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 1,10,66.40 crore pertaining to previous years from 2005 to 2014 was yet to be regularized by the State Legislature. The year-wise amount of excess expenditure pending regularization is summarized in **Table 2.5**.

Table-2.5: Excess expenditure over the provisions relating to previous years requiring regularization

(₹ in crore)

Year	Number of Grant / Appropriation	Details of Grant / Appropriation	Amount of excess over provision	Status of Regularization
2005-06	7	7,8,17,20,22,25&29	6,63.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25& 29	9,35.92	
2007-08	6	7,17,20, 22,25 & 29	7,33.79	
2008-09	6	7,17,20,22,25&29	11,46.41	
2009-10	7	7,17,18,21,22,25&29	10,07.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	12,95.40	
2011-12	5	7,17,22,25&29	16,11.40	
2012-13	7	12,14,17,21,22,25 & 29	18,35.34	
2013-14	3	22,25 & 29	18,37.15	
Total			1,10,66.40	

Source: Appropriation Accounts.

2.3.4 Excess over provisions during 2014-15 requiring regularization

Table 2.6 contains the summary of total excess expenditure registered under four grants and one appropriation amounting to ₹ 19,22.82 crore over authorization from the Consolidated Fund of the State (CFS) during the year 2014-15.

Table-2.6: Excess over provision requiring regularization during 2014-15

(₹ in crore)					
Sl. No.	Number and title of Grant		Total Grant	Expenditure	Excess
Revenue – Charged					
1.	01	Legislature	1.18	1.20	0.02
Capital – Voted					
1.	17	Agriculture Works & Research	1,39.33	1,59.09	19.76
2.	22	Public Works	13,33.60	14,93.39	1,59.79
3.	25	Food	6.46	17,44.71	17,38.25
4.	29	Horticulture Development	00	5.00	5.00
			14,79.39	34,02.19	19,22.82

Source: Appropriation Accounts.

Reasons for the excess had not been intimated by the State Government/ Department as of September 2015. The excess expenditure over the provision under the grants incurred during the year 2014-15, should be got regularized by the State Legislature.

2.3.5 Inadequate supplementary provision

Supplementary provision of ₹ 7,89.36 crore sought in respect of three cases proved insufficient by more than ₹ one crore in each case thereby leaving an aggregate uncovered excess expenditure of ₹ 19,17.80 crore (**Appendix-2.2**).

2.3.6 Rush of expenditure

Paragraph 183 of chapter XVII of UBM stipulates that rush of expenditure in the closing month of the financial year should be avoided. For a sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding ₹ five crore or more than 50 per cent of the total expenditure for the year was incurred in last quarter or in March 2015, in respect of 28 Major Heads as listed in **Appendix-2.3**.

Scrutiny showed that 66.11 per cent of the total expenditure of ₹ 48,77.35 crore spent against these Major Heads during the year 2014-15, was incurred in the last quarter of the financial year.

2.3.7 Excess provisions resulting in savings

2.3.7.1 Unnecessary/Excessive supplementary provision

Supplementary provision aggregating ₹ 23,19.05 crore obtained in 30 cases, amounting to ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.4**.

2.3.7.2 Excessive/ unnecessary re-appropriation of funds

Re-appropriation is the 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/ insufficient and resulted in savings/ excess of ₹ 10 lakh and above in seven cases under five grants as detailed in **Appendix-2.5**.

Reasons for the savings were not furnished by the Government as of September 2015.

2.3.7.3 Substantial surrenders

Substantial surrenders (the cases where more than 30 *per cent* of total provision was surrendered) were made in respect of 11 sub-heads, in four grants, on account of savings in various items due to non-receipt of central share, actual expenditure being less than projected requirement of funds, savings in establishment expenses, and non-requirement of fund. Out of the total provision amounting to ₹ 45.01 crore in these 11 sub-heads, ₹ 28.49 crore (63.31 *per cent*) were surrendered which included *cent per cent* surrender in five schemes (₹ 7.03 crore) as detailed in **Appendix-2.6**.

2.3.7.4 Anticipated savings not surrendered

Paragraph 124 of Section I of Chapter XIII of the UBM stipulates that every Controlling Officer must furnish the final statement of excesses and savings in Form B.M. 2 (Part-II) which should reach the Finance Department, through the Administrative Department concerned, not later than 25th January. At the close of the year 2014-15, there were, however, 21 grants in which savings of ₹ five crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 72,18.87 crore (80.98 *per cent* of the total savings¹) as given in **Appendix-2.7**.

Similarly, out of savings of ₹ 89,12.39 crore (individual cases where savings were more than ₹ one crore occurred), amount aggregating ₹ 37.29 crore was only surrendered resulting in non-surrender of remaining ₹ 88,75.10 crore (99.58 *per cent* of the savings of ₹ 89,12.39 crore), details of which are given in **Appendix-2.8**. Besides, in one case, (surrender of funds in excess of ₹ 10 crore), ₹ 26.27 crore were surrendered (**Appendix-2.9**) on the last day of March 2015, thereby defeating the intended purpose of surrenders as these funds could not be utilized for other purposes.

2.3.7.5 Appropriation vis-à-vis expenditure

The outcome of the appropriation audit shows that in 55 cases, savings exceeded ₹ one crore in each case, and more than 20 *per cent* of total provision in 33 cases (**Appendix-2.10**). Against the total savings of ₹ 89,14.64 crore, savings of ₹ 84,47.09 crore (94.76 *per cent*)² occurred in 26 cases relating to 18 grants and one Appropriation as given in **Table 2.7**.

¹ Total savings ₹ 89,14.64 crore.

² Exceeding ₹ 50 crore in each case.

Table 2.7: List of Grants and Appropriations with savings of ₹ 50 crore and above

(₹ in crore)					
Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
Revenue –Voted					
1.	06	Revenue & General Administration	20,66.38	10,37.70	50.22
2.	07	Finance ,Tax Planning Secretariat & Miscellaneous Services	46,26.07	4,80.27	10.38
3.	10	Police & Jail	11,97.40	1,00.55	8.40
4.	11	Education, Sports ,Youth Welfare & Culture	52,89.85	7,41.48	14.02
5.	12	Medical Health & Family Welfare	15,96.65	3,97.34	24.89
6.	13	Water Supply ,Housing & Urban Development	9,50.39	1,75.86	18.50
7.	15	Welfare	14,09.96	3,42.56	24.30
8.	16	Labour & Employment	2,09.59	58.20	27.77
9.	17	Agriculture Works & Research	5,58.48	91.09	16.31
10.	19	Rural Development	12,72.86	6,51.46	51.18
11.	20	Irrigation & Flood	4,25.39	63.41	14.91
12.	22	Public Works	7,84.55	2,05.45	26.19
13.	25	Food	4,28.45	2,24.72	52.45
14.	27	Forest	5,95.57	1,19.93	20.14
15.	30	Welfare of Scheduled Castes	11,25.38	2,69.50	23.95
16.	31	Welfare of Scheduled Tribes	2,94.24	95.59	32.49
Total			2,28,31.21	50,55.11	22.14
Revenue –Charged					
1.	07	Finance ,Tax Planning ,Secretariat & Miscellaneous Services	30,65.08	6,57.44	21.45
Total			30,65.08	6,57.44	21.45
Capital-Voted					
1.	11	Education, Sports ,Youth Welfare & Culture	5,96.90	1,89.88	31.81
2.	13	Water Supply Housing & Urban Development	7,13.50	4,77.85	66.97
3.	15	Welfare	1,57.04	74.29	47.31
4.	19	Rural Development	8,23.45	2,19.63	26.67
5.	20	Irrigation & Flood	10,23.92	2,47.86	24.21
6.	21	Energy	4,92.71	3,61.66	73.40
7.	26	Tourism	2,68.26	1,79.95	67.08
8.	30	Welfare of Scheduled Castes	5,67.29	2,99.68	52.83
Total			46,43.07	20,50.81	44.17
Capital-Charged					
1.	07	Finance, Tax Planning, Secretariat and Miscellaneous Services	17,57.79	6,83.74	38.90
Total			17,57.79	6,83.74	38.90
Grand Total			3,22,97.15	84,47.10	26.15

Source: Appropriation Accounts.

The reasons for the savings though called for, were yet to be received (September 2015).

2.3.7.6 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore in 39 cases as detailed in **Table 2.8**.

Table-2.8: List of Grants indicating persistent savings during last five years (2011-2015)

(₹ in crore)

Sl. No.	No. and Name of grant	Amount of Saving				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue-Voted						
1.	04-Judicial Administration	29.91	28.05	50.90	36.52	35.73
2.	06-Revenue & General Administration	29.52	43.94	64.40	14,66.73	10,37.70
3.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,06.35	5,80.10	5,49.18	1,16.17	480.27
4.	08-Excise	1.25	2.23	1.02	2.02	1.44
5.	10-Police & Jail	9.25	50.52	32.17	23.71	100.55
6.	11-Education, Sports, Youth Welfare & Culture	1,76.02	2,83.38	5,67.60	6,35.48	7,41.48
7.	12-Medical, Health & Family Welfare	1,24.39	1,53.99	1,33.41	1,16.11	3,97.34
8.	13-Water Supply, Housing & Urban Development	3,72.80	2,35.77	1,53.22	3,08.25	1,75.86
9.	14-Information	3.30	2.11	1.84	1.16	1.01
10.	15-Welfare	83.72	1,97.45	1,91.96	1,78.11	3,42.56
11.	16-Labour & Employment	12.08	12.39	36.45	28.70	58.20
12.	17-Agriculture Works & Research	82.71	44.73	1,31.83	1,86.93	91.09
13.	18-Co-operative	4.87	10.30	6.03	8.53	7.93
14.	19-Rural Development	75.22	92.71	1,33.00	1,79.22	6,51.46
15.	22-Public Works	34.94	35.43	56.85	95.65	2,05.45
16.	23-Industries	5.15	14.47	11.32	20.89	14.02
17.	24-Transport	2.52	1.37	5.90	3.22	5.27
18.	25- Food	7.27	123.52	230.84	226.55	224.72
19.	26-Tourism	2.92	30.66	30.05	13.43	42.46
20.	27-Forest	30.76	19.80	27.10	31.00	1,19.93
21.	28-Animal Husbandry	15.53	4.48	9.04	24.93	33.92
22.	29-Horticulture Development	1.61	14.94	7.19	40.87	41.31
23.	30-Welfare of Schedule Castes	96.20	1,93.63	1,14.39	2,10.01	2,69.50
24.	31-Welfare of Schedule Tribes	44.21	45.35	36.68	58.99	95.59
Revenue-Charged						
1.	04-Judicial Administration	13.49	13.87	5.87	5.52	7.59
2.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,40.75	2,17.95	41.44	6,46.03	6,57.44
3.	22-Public Works	2.91	1.40	1.02	1.75	4.71
Capital-Voted						
1.	06-Revenue & General Administration	43.93	24.60	9.12	13.78	4.85
2.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	8.78	72.43	20.60	40.81	23.09
3.	10-Police & Jail	4.12	44.60	43.76	46.89	7.55
4.	11-Education, Sports, Youth Welfare & Culture	60.20	1,66.31	1,22.03	1,84.55	1,89.88
5.	12-Medical, Health & Family Welfare	62.52	39.01	2,30.97	1,88.14	24.27
6.	15-Welfare	13.74	22.03	3.54	6.75	74.29
7.	19-Rural Development	13.20	66.05	1,32.55	62.82	2,19.63
8.	23-Industries	11.54	13.35	23.69	28.21	25.81
9.	24-Transport	8.12	12.55	43.95	95.18	30.00
10.	26-Tourism	29.84	19.20	55.32	47.68	1,79.95
11.	27-Forest	1.53	8.64	16.32	18.82	8.37
12.	31-Welfare of Schedule Tribes	43.65	54.70	54.28	81.60	42.37

Source: Appropriation Accounts.

Reasons for savings in 2014-15 were not intimated by the Government (September 2015). Despite being mentioned in the Report on State Finances of the

Comptroller & Auditor General of India for the year 2013-14 of the State, a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. This needs to be reviewed.

2.3.8 Drawal of funds to avoid lapse of Budget

According to the provisions contained in General Financial and Accounts Rules (Rule 8), funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

From the information compiled by the Office of the Accountant General (Accounts and Entitlement), Uttarakhand, it was seen that an amount of ₹ 8,99.57 crore was drawn by the State Government departments during the month of March 2015 and deposited in the deposit heads³ to avoid lapse of budget grant.

Further scrutiny of accounts of Chief Treasury Officer, Dehradun showed that there was a decrease in number and amount of deposit accounts at the end of 2014-15. Of these accounts, two accounts were found inoperative since 2010-11, under which funds to the tune of ₹ 0.54 crore were parked. The status of deposit accounts from 2012-15 is detailed in **Table 2.9**.

Table 2.9: Status of the deposit accounts

Deposit Heads	2012-13		2013-14		2014-15	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
8229-Development & Welfare Fund	4	36.19	2	0.02	1	0.02
8338-Deposit of Local Fund	5	52.10	6	68.37	6	76.39
8443-Civil Deposit	7	8.82	23	1,78.07	11	1,06.30
8448-Deposit of Local Funds	31	156.02	24	39.22	20	61.55
Total fund Parked/transferred	47	2,53.13	55	2,85.68	38	2,44.26

Source: Records of Chief Treasury Officer, Dehradun.

During scrutiny of these accounts, it was seen that ₹ 62.00 crore, ₹ 79.87 crore and ₹ 2.00 crore were transferred into deposit head at the end of the years 2012-13, 2013-14 and 2014-15 respectively to avoid budgetary lapses between 26 to 31 March of respective years (**Appendix- 2.11**).

Detailed scrutiny of the Personal Ledger Account (PLA) of District Magistrate (DM) Dehradun showed that ₹ 60.25 crore were transferred from various Heads of Accounts and through Cash Deposit to avoid budgetary lapses at the end of financial year 2014-15 as shown in **Table 2.10**.

³ 8338-Deposits of Local Funds; 8443-Civil Deposits and 8448-Deposits of Local Funds.

Table 2.10: Amount of fund transferred at the end of 2014-15 into DM, Dehradun PLA*(₹ in crore)*

Date of fund transfer	From where transferred (Head of Account)	Where transferred (HOA-Deposit Heads)	Amount transferred to deposit heads
28 March 2015	2515-00-102-91	8443-00-106-00	0.20
31 March 2015	Cash Deposit (Secretary Vidhan Sabha)	8443-00-106-00	43.03
	Cash Deposit (Economic Statistical Directorate)	8443-00-106-00	0.99
	4202-02-105-09	8443-00-106-00	2.00
	4202-02-105-10	8443-00-106-00	4.00
	4202-02-105-08	8443-00-106-00	2.00
	4202-02-105-11	8443-00-106-00	2.00
	8000-00-201-00	8443-00-106-00	6.03
Total fund transferred			60.25

Source: Chief Treasury Officer, Dehradun.

Thus, the Government had not surrendered the unspent funds and transferred them into PLA in contravention of provisions of the UBM.

On 31 March 2015, Sachivalaya Prashasan, Uttarakhand, Dehradun had instructed State Bank of India, Cyber Treasury, Dehradun to make bank drafts of ₹ 19,95,695.00 and ₹2,38,27,200.00 for depositing into the PLA of District Magistrate (D.M) Dehradun. These bank drafts were delivered to Sachivalaya Prashasan on 2 April 2015 and the same were sent to the D.M, Dehradun on 10 April 2015. The D.M, Dehradun deposited these bank drafts into his PLA on 18 April 2015.

Thus the Sachivalaya Prashasan had given instruction to Bank to make Bank Drafts on the last working day of the year to avoid the lapse the budget.

Reasons of transferring funds from capital heads into PLA were not intimated though called for in September 2015.

2.4 Outcome of Inspection of Treasuries

There were 86 units *i.e.* 18 treasuries and 66 sub-treasuries, one Cyber Treasury at Dehradun and one Pay & Accounts Office at New Delhi, in the State during 2014-15. Major irregularities noticed during inspection of 52⁴ units during 2014-15 are contained in **Table 2.11**.

Table 2.11: Outcome of inspection of Treasuries

Sl. No.	Category	Amount (₹ in crore)
1.	Unadjusted AC Bills	9.26
2.	Irregular carried forward of closing balance of financial year 2012-13 to next financial year	0.01
3.	Unauthorized booking/adjustment in major head 1601-Assistance Grant from Central Government	43.07
4.	Discrepancies in data of computer generated Cash Book	0.86
5.	Uncontrolled withdrawal from PLA Accounts	54.11
6.	Non deduction of TDS from pensioners during 2014-15	25.35
7.	Non depositing of lapsed deposit into Government Account	20.27
8.	Non reimbursement of pension payment made to the pensioners of UJVNL,UPCL and PTCUL	37.28

Source: Annual Review 2014-15 on Treasuries by Accountant General (A&E), Uttarakhand.

⁴ 20 Treasuries and 32 Sub Treasuries

There is a need to tighten the controls at the level of treasury in respect of above irregularities.

2.5 Advances from Contingency Fund

The Contingency Fund of the State, in the nature of an imprest, has been established vide Uttarakhand Contingency Fund Act, 2001 (Act No.2 of 2001) in terms of provisions of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The State Government increased the Contingency Corpus Fund by ₹ 150.00 crore during the year. The fund stood at ₹ 750 crore at the end of 2014-15. Any drawal of advances from the fund needs to be recouped from the Consolidated Fund of the State within the same financial year. However, as on 31 March 2015, advances to the tune of ₹ 194.15 crore drawn from the Contingency Fund during the year 2014-15, remained to be recouped from Service Heads to the Contingency Fund after authorization of the Legislature (**Appendix-2.12**) as required as per Section 5 of the Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001).

Further scrutiny showed that the Government had withdrawn funds from Contingency fund during 2000 to 2014 and funds to the tune of ₹ 88, 92.74 crore (August 2015) had not been recouped. The year wise non-recoupment of funds of Contingency fund under the Grants and Major Heads is shown in the **Appendix-2.13**.

Also, the Government resorted to advances from the Contingency Fund during the year for meeting the capital expenditure (₹ 58.38 crore) which was foreseeable and thus in contravention of the rules governing operation of the fund.

2.6. (A) Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per Financial Rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignatures and transmission to the Accountant General (Accounts and Entitlement). Detailed bills aggregating ₹ 9.22 crore, drawn on 95 AC bills were pending as at the end of March 2015. Year wise details are given in **Table 2.12**.

Table-2.12: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on March 2015)

Year	Outstanding DC Bills	
	Number	Amount
Up to 2012-13	42	6.33
2013-14	18	0.52
2014-15	35	2.37
Total	95	9.22

Source: Information as compiled from Accountant General (A&E), Uttarakhand.

Out of the total outstanding DC bills amounting to ₹ 9.22 crore, the major portion of six outstanding DC bills of ₹ 4.44 crore pertained to the Medical Health and Family Welfare Department.

Position of Department/office wise pending DC bills for the years up to 2014-15, has been given in *Appendix- 2.14*.

Non submission of DC bills for long periods after drawal of AC bills is fraught with the risks of misappropriation and, therefore, needs to be monitored closely.

2.6. (B) Un-reconciled Expenditure

To enable the Controlling Officers of the Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlements). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2014-15 also. Audit scrutiny showed cases where amounts exceeding ₹ 10 crore involving a total of ₹ 74,50 crore remained un-reconciled in respect of eight Controlling Officers during the year 2014-15, which constituted 25.42 per cent of the total expenditure of ₹ 2,93,02.30 crore. Details are given in **Table 2.13**.

Table-2.13: List of Controlling Officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2014-15

Sl. No.	Controlling Officers	Amount not reconciled (₹ in crore)
1.	Commissioner, Relief, Revenue Department, Government of Uttarakhand	4,31.00
2.	Principal Secretary, Finance/Estate Department, Government of Uttarakhand	39,48.00
3.	Secretary, Public Service Commission, Gurukul Kangari, Haridwar	12.00
4.	Principal Secretary, Technical Education, Government of Uttarakhand	5,30.00
5.	Director, Social Welfare, Kaladhungi Road, Haldwani, Nainital	16,88.00
6.	Chief Engineer, Irrigation Department, Yamuna Colony, Dehradun	6,35.00
7.	Secretary, Energy, Government of Uttarakhand	1,77.00
8.	Principal Secretary, Social Welfare, Government of Uttarakhand	29.00
Total		74,50.00

Source: Information compiled from Accountant General (A&E), Uttarakhand.

The Chief Controlling officers of the above mentioned departments were asked to furnish the reasons for failing to undertake reconciliation as prescribed by the Accountant General (Accounts & Entitlement). However, no response was received till date (September 2015).

The Government must ensure reconciliation of accounts by the Controlling Officers concerned to obviate the possibilities of fraud and misuse of funds.

2.7 Deficiencies in Budgeting Process

The following deficiencies were noticed in the budgeting process of the State Government in the financial year 2014-15.

- i. In the budget Document Vol.- IV under some Major Heads, for instance, Minor Head 900-Deduct Recoveries under Major Heads 0029, 0039 and Minor Head 901-Deduct Recoveries under Sub-Major Head 01-Judicial Stamp under Major Head 0030 have been shown below Sector-A Tax-Revenue, while the list of Major & Minor Heads of Account (Volume-I) provides that the deduct recoveries shall be shown under the sub head under appropriate Minor Head below every Major, Sub-Major Head coming under the Sector-A Tax-Revenue.
- ii. As per the Budget document Vol.-V Part I, in Grant No.-7 under Major Head 3454, Minor Head 001 Direction and Administration has been shown below Sub-Major Head 02 Survey instead of 01 Census as provided in the List of Major and Minor Heads of Accounts.
- iii. As per the Budget document Vol.-V Part II, Grant No.-14 Sub-Major Head 60-Others is shown under the Major Head 4059. However, as per the List of Major and Minor Heads of Accounts, there is the provision of other buildings under the Sub Major Head 60.
- iv. In the Major Head 2059, under Grant Number 22 of the Budget document Vol.-V Part III, Minor head 102 under Sub-Major Head 80 has been shown as “Repair and Maintenance”, whereas as per the List of Major and Minor Heads of Accounts it should have be Minor Head 053 under Sub-Major Head 80.
- v. Under the Major Head 2245-only one Sub-Major Head 05-has been shown, under which there is the provision of Minor Head 800 whereas the list of Major and Minor Heads of Accounts provides for the provision of two more Sub-Major Heads 01-Drought and 02-Flood and Cyclone.
- vi. As per the Budget document Vol.-V Part II, Grant No.-15 in the Major Head 4235, ‘Welfare of Handicapped’ has been shown against Minor Head 104 under Sub-Major Head 02 instead of ‘Welfare of Aged, Infirm and Destitute’ provided in the List of Major and Minor Heads of Accounts.
- vii. As per the Budget document Vol.-V Part II in Major Head 2401 under Grant Number 17, Minor Heads 800 “other scheme” was shown, whereas these should have been shown as ‘other expenditure’ as per the List of Major and Minor Heads of Accounts.
- viii. Several aided schemes of Central Government have not been shown in the Major Head-1601 under the detailed estimates of the receipt of Revenue and Capital Accounts.

- ix. Minor Heads 101- “Special Component Plan for Scheduled Castes” in the Major Head 2211 under Grant Number 30 has been shown according to the Budget document Vol.-V Part IV whereas Minor Head 101 “Rural Family Welfare Services” has been mentioned in the List of Major and Minor Heads of Accounts.
- x. In Major Head 2052, Minor Heads 800 other Expenditure was shown, whereas there are provisions of ‘091-Attached Offices’ and ‘092-Other offices’ sub heads as per the List of Major and Minor Heads of Accounts.

Similar shortcomings were also mentioned in the Audit Report (2013-14). However, cognizance of the same has not been taken by the Government.

2.8 Conclusion and Recommendations

During 2014-15, there was an overall savings of ₹ 69,91.82 crore against the total grants and appropriations of ₹ 3,62,94.12 crore. There was an excess of ₹ 19, 22.80 crore in four grants which requires regularization under Article 205 of the Constitution of India. Large savings indicated deficient budget estimates. Supplementary provision of ₹ 23,19.05 crore obtained in 30 cases proved unnecessary. Re-appropriation of funds in seven cases was made injudiciously resulting either in savings or excesses over provisions. The departments surrendered ₹ 26.27 crore on the last working day of the financial year leaving no scope for utilizing these funds for other development purposes.

The State Government may consider that savings should be assessed and surrendered well before the close of the financial year so that they can be effectively utilized in other areas/ schemes.

Excess expenditure amounting to ₹ 1,10,66.40 crore pertaining to the years 2005-14 was yet to be regularized by the State Legislature.

The State Government may ensure timely submission of explanations for excess expenditure.

An amount of ₹ 8,99.57 crore drawn by the State Government during the month of March 2015 was deposited in the deposit heads to avoid lapse of budget grants. Two deposit accounts having ₹ 0.54 crore were found inoperative since last four years in Dehradun Treasury.

A significant amount of ₹ 1,94.15 crore was sanctioned under Contingency Fund in 16 cases and the entire amount has remained un-recouped.

The State Government may consider ensuring that advances from the Contingency Fund are resorted to only to meet the expenditure that is contingent in nature and also that funds drawn from the contingency fund are recouped timely.

The Controlling Officers did not submit (March 2015) the Detailed Contingent Bills in respect of ₹ 9.22 crore drawn on Abstract Contingent Bills up to February 2015.

The State Government may consider that a rigorous monitoring mechanism should be put in place to adjust the advances drawn against Abstract Contingent bills within the stipulated period.

Inspection of treasuries also indicated deficiencies in their functioning. Eight controlling officers did not reconcile their expenditures with the Accountant General (Accounts & Entitlement), Uttarakhand. Deficiencies in classification of heads of accounts were noticed in the budgeting process of the State Government for the financial year 2014-15.

The State Government may consider issuing directions to the Controlling Officers to timely/ periodically reconcile their expenditure with the Accountant General (Accounts & Entitlement).