

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2016-2019)**

NINTH REPORT

(Presented on 22nd August, 2017)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2017**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2016-2019)**

NINTH REPORT

On

**Action taken by Government on the Recommendations
contained in the Hundred and Twenty Fourth Report
of the Committee on Public Accounts (1995-1996)**

CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1
Appendix I : Summary of main Conclusion/Recommendations	.. 12
Appendix II : Annexures to Action Taken Statements	.. 13

COMMITTEE ON PUBLIC ACCOUNTS
(2016-2019)

Chairman:

Shri V. D. Satheesan.

Members:

Smt. P. Aisha Potty

Shri A. M. Ariff

Shri P. K. Basheer

Shri James Mathew

Shri K. Krishnankutty

Shri K. Kunhiraman

Shri K. Muraleedharan

Shri A. Pradeepkumar

Shri Mullakkara Retnakaran

Shri Roshy Augustine.

Legislature Secretariat:

Shri V. K. Babu Prakash, Secretary

Smt. S. Shahina, Joint Secretary

Shri P. P. Shahnavas, Deputy Secretary

Shri A. Jafarkhan, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts having been authorised by the Committee to present this Report on their behalf present the 9th Report on Action Taken by Government on the Recommendations contained in the One Hundred and Twenty Fourth Report of the Committee on Public Accounts (1995-96).

The Committee considered and finalised this Report at the meeting held on 16th August 2017.

Thiruvananthapuram,
22nd August 2017.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the action taken by the Government on the recommendations contained in the 124th Report of the Committee on Public Accounts (1995-96).

The 124th Report of the Committee on Public Accounts (1995-96) was presented to the House on March 14th ¹⁹⁹⁶ ~~2017~~ and it contained eight recommendations relating to General education, Finance, Agriculture, Revenue and Irrigation Departments. The Government was addressed to furnish the statement of Action Taken on the recommendations contained in the Report on 24-2-1996 and final replies were received on 29-7-2017.

The Committee examined the statements at its meetings held on 10-8-2009, 20-4-1999, 29-12-2000, 21-08-2008, 8-9-2010, 17-10-2012 and 23-9-2015. The Committee was not satisfied with the action taken by the Government on the recommendation Nos. 5 and 6 (Para Nos. 13 and 16) and decided to pursue them further. Those recommendations, their replies and further recommendations are included in chapter 1 of this Report.

The Committee decided not to pursue further action on the remaining recommendations, in the light of the replies furnished by the Government. Such recommendations, their replies and additional details furnished are incorporated in Chapter II of this Report.

CHAPTER I

RECOMMENDATIONS IN RESPECT OF WHICH ACTION TAKEN BY GOVERNMENT ARE NOT SATISFACTORY AND WHICH REQUIRED REITERATION

FINANCE DEPARTMENT

Recommendation

(SI No. 5, Para No.13)

1.1 The Committee recommends that the Agriculture, Revenue and Finance Departments should conduct an enquiry into the missing or delitescence of concerned files believed to have contained the proposals for supplementary demands for that year and take strict disciplinary action against the officers responsible for the lapses.

Action Taken

1.2 As per G.O. (Rt.) No. 6391/09/Fin. Dated 23-9-2009 (Annexure) Government constituted a Committee for conducting an enquiry into the missing or delitescence of the concerned files mentioned in the recommendation No. 5 on para No.13 contained in the 124th report of Public Accounts Committee (1995-96). The Committee made thorough enquiry with the officers now in charge of the concerned sections in Administrative Secretariat and in the Directorate of Agriculture and Land Revenue Commissionerate. Neither the Agriculture Department nor the Revenue Department is able to provide information regarding the missing files. In view of the above position, the Committee unanimously opined that 'further action to trace out the 26 years old missing SDG file is a futile exercise and therefore further action in this regard may be dropped and strict warning may be given to the Departments concerned to avoid such lapses in future. In the light of the report of the Committee, this Department has requested both the Agriculture and Revenue Departments to inform the possibility of initiating the disciplinary action against those officials who are responsible for the lapses. Both these departments have pointed out the difficulty in the matter as the missing of the files believed to have contained the proposals for SDG for the year 1983-84 is 26 years old and hence it was difficult to fix the responsibility on officers concerned in this regard. As far as Finance department is concerned, the files, which dealt with the SDG proposals relating to the Grant 'Agriculture' during the financial year 1983-84, could not be located in spite of the earnest efforts made. Also no evidence was available to prove that any of the officers in Finance Department was responsible for the missing/delitescence of files in this case. Moreover, most of the officers who were handling the subject have retired by this time. Hence it appears not practicable to initiate disciplinary action against officers at this distance of time. On the basis of the directions from Finance Department, both the Agriculture and Revenue Departments in the Administrative Secretariat have issued circular instructions at the Secretary level against violation of budgetary principles as laid down in the Budget Manual and warning that such lapses in future will be viewed very seriously and strict disciplinary action would be taken against the officers responsible for such lapses in future. In these circumstances it is prayed that the Committee may be pleased to drop further action based on this recommendation.

Additional Recommendation

1.3 The Committee opined that the lapse of 13 long years for constituting an enquiry Committee was deliberate and also that the Finance Department acted very irresponsibly in the matter and expressed displeasure in it. The Committee commented that the role of the Finance Department in the missing of files could not be ruled out. The Committee also suggested that stringent, immediate action should be taken against the delinquent officers currently in service for the unjustifiable lapse.

WATER RESOURCES DEPARTMENT

Recommendation

(SI No.6, Para 16)

1.4 In the case of allotment under 533-B (b) Kanhirappuzha Project, Government had enhanced the provision from the budget allotment through an executive order immediately before the detailed discussion on the Demands for Grants was taken up by the subject committees. Taking a serious note of this, the committee are of the view that Government had gone beyond permissive limits by attempting to circumvent legislative control over grants.

Action Taken

1.5 The amount originally provided in the budget for Kanhirappuzha Project for the year 1985-86 was ₹ 50 lakh. This was grossly inadequate considering the physical target fixed for the project. Hence, an amount of ₹ 140 lakh was additionally authorised resulting in an excess of ₹ 72.68 lakh for the speedy implementation of the project. The concerned files are reported to have been destroyed and so it is not possible at present to explain the circumstance that led to the enhancement of the budget allotment by an executive order. Now the department has taken all possible measures to prepare the budget proposal realistically for avoiding wide variations at a later stage.

Additional Recommendation

1.6 The Committee opined that action of the Government enhancing the provisions from the Budget allotment through an executive order immediately before the discussion on Demands for Grants was taken up by the subject Committee, was not proper and not in order. The Committee therefore recommended that the matter may be enquired into by the Inspection wing of the Finance Department who are responsible for it. The Committee further recommended that the Government should examine the circumstances under which the connected files are destroyed and also initiate action against those responsible officials.

Action Taken

Finance Department

1.7 The original Budget allocation for Kanjirappuzha Irrigation Project during 1985-86 was ₹ 50 lakh. Considering the urgency of the project and inadequacy of the fund, reported by the Chief Engineer, additional authorization to incur the expenditure was granted for the speedy implementation of the project. The prime authority for submitting proposal for regularization of additional expenditure thus authorized through Supplementary Demands for Grants is the Administrative Department concerned. As per the Secretariat Office Manual, the disposal of the Government Order relating to additional authorization/reappropriation need be retained for a period of only five years. As such, the disposals relating to the sanctioning of additional fund for Kanjirappuzha Irrigation Project during 1985-86 was already destroyed. Therefore, it is not possible to understand at this distance of time, the circumstances at which the fund was sanctioned. As per the recommendation of the Committee to examine the circumstances under which the connected files were destroyed, Finance inspection Wing conducted inspections at the Offices of the Executive Engineer, Kanjirappuzha Irrigation Project and Chief Engineer, Project 1, Kozhikode. It has been reported that the matter occurred before bifurcation of PWD and Irrigation. More over, office of the Chief Engineer was shifted two times ie; in 1994 and in 2010. Though the Administrative

Department admitted that, the connected files in question had been destroyed, there is the possibility of the said files being misplaced. In view of the above, Finance Inspection Wing is not in a position to ascertain when, where and how these files were disposed off.

Further Recommendation

1.8 The Committee noted with serious concern that the Water Resources Department has not entrusted the responsibility to segregate and keep the important files in the department to any of the officers. Therefore the Committee decided to recommend that the Water Resources Department should entrust an officer to keep the important files and also to fix responsibility against him in the case of missing of files.

CHAPTER II

RECOMMENDATIONS WHICH THE COMMITTEE DOES NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES FURNISHED BY GOVERNMENT

GENERAL EDUCATION DEPARTMENT

Recommendation

(Sl No. 1 Para 6)

2.1 The Committee observe that the Department had thus violated the instructions contained in the Budget manual (Appendix 15) and that the Secretary to Government, (General Education Department) had disregarded his own assurance made before the Committee. The Committee takes strong exception to this attitude of placing impediments to the fulfillment of the constitutional requirements under Article 205. The Committee recommended that the Department should furnish the notes without any further delay, along with an explanation for the delay, showing details of action taken after the assurance given by the Secretary on September 28, 1994. The Committee also directs that responsibility should be fixed for non-submission of notes even after the assurance was given by the Secretary to Government before the Committee.

Action Taken

2.2 Action completed for the regularization of excess expenditure of the period from 1983-84 to 1991-92 in General Education Department. This position has already been informed the Legislature, Finance (PAC) Department, vide letter no. 72413/P2/11/G.Edn. dated 7-1-2012.

FINANCE DEPARTMENT

Recommendation

(SI No. 2, Para 10)

2.3 The Committee understand that the additional authorisation was sanctioned by the Finance Department for an object for which no provision had been made in the original appropriation Act of the year, violating budgetary principles and specific instructions contained in the Budget Manual, although the Department had specifically directed that the additional expenditure had to be regularised by obtaining supplementary grants. As such the Finance Department was well aware of the additional expenditure and they should have verified whether proposals for supplementary demands in respect of this item has been received before presenting the last batch of supplementary demands for grants. It leaves little doubt that the Finance Department had failed in the discharge of its function of budgetary control and appropriation of funds. The Committee maintain that there should be some machinery in the Finance Department to ensure that Government orders issued by various departments having a bearing on the budget and appropriation from the consolidated funds, proposals for supplementary Demands for Grants etc., do not escape consideration before finalisation of Supplementary Demands for Grants.

Action Taken

2.4 According to the extant practice, authorisation of additional expenditure invoking para 95 (3) of the Kerala Budget Manual can be ordered by Finance Department only. In the orders authorising such additional expenditure the mode of regularisation is also suggested and the concerned Administrative Department/Controlling Officer instructed to regularise the additional expenditure

before the close of the financial year. The functions of the Budget Wing in Finance Department in respect of Preparation of Budget, Authorisation of additional expenditure, Re-appropriations/Resumptions, Supplementary Demands for Grants etc. are now computerised. This system has built-in facilities to track additional expenditure authorised by Finance Department which are pending regularisation as on a particular date. This system enables the Finance Department to remind the Controlling Officers/Administrative Departments concerned to sent timely proposals for regularisation of such expenditure.

Supplementary Grants for regularisation of additional expenditure authorised should normally to moved only when sufficient savings for reappropriation are not available within the respective grant. In the normal course, supplementary grants for regularisation of additional expenditure are included in the final batch of Supplementary Demands for Grants for that financial year. In the circular instructions issued in the context of the final batch of Supplementary Demands for Grants, separate instructions urging Controlling Officers to furnish proposals for regularisation of such additional expenditure which can't be regularised through reappropriation are also included. As such the chances of additional expenditure authorised by Fiance Department not getting regularised before close of the financial year stands eliminated to a large extent.

AGRICULTURE DEPARTMENT

Recommendation

(Sl No. 3, Para 11)

2.5 The Committee also observe that the Agriculture and Revenue Department also are equally at fault for not ensuring that the proposals for supplementary demands were included in the batch of such cases, and for the inordinate delay in forwarding proposals for regularizing the additional expenditure sanctioned in the very beginning of the financial year.

Action Taken

2.6 This fact was brought notice of the Directors of Agriculture and they have been warned that such instance shall not occur in future.

REVENUE DEPARTMENT**Recommendation**

(Sl No. 3, Para 11)

2.7 The Committee also observe that the Agriculture and Revenue Department also are equally at fault for not ensuring that the proposals for supplementary demands were included in the batch of such cases, and for the inordinate delay in forwarding proposals for regularising the additional expenditure sanctioned in very beginning of the financial year.

Action Taken

2.8 Proposals for regularising the excess expenditure has been submitted before the stipulated time and no delay had occurred in this matter in the Revenue Department.

Finance Department**Recommendation**

(Sl No. 4, Para No.12)

2.9 Finance Department should evolve some kind of fool proof method to see that such cases of gross negligence like non-regularisation of additional authorisation never recur.

Action Taken

2.10 Circular instructions were issued to all concerned sections to keep a keen watch on the regularisation of all additional authorisations stipulated to be regularised through SDG (Circular No. 93414/BW H3/97/Fin. Dated 30-12-1997) (Annexure). With the introduction of Computerisation in the Budget Division, it is felt that such lapses are not likely to recur. Separate additional authorisation Registers have been maintained in every section for prompt entries of such authorisations and to ensure such authorisations do not escape consideration before finalisation of SDG.

AGRICULTURE DEPARTMENT**Recommendation**

(SI No.5, Para No 13)

2.11 The Committee recommend that the Agriculture, Revenue and Finance Departments should conduct an enquiry into the missing or delitescence of the concerned files believed to have contained the proposals for supplementary demands for that year and take strict disciplinary action against the officers responsible for the lapses.

Action Taken

2.12 As per G.O. (Rt.) No. 6391/2009/Fin dated 23-9-2009 (annexure), Government constituted a Committee for conducting an enquiry into the missing or delitescence of concerned files mentioned in the recommendation No. 5 on para No.13 contained in the 124th report of Public Accounts Committee (1995-96). The Committee after making thorough enquiry with officers of concerned departments, unanimously opined that further action to trace out the 26 years old missing SDG files is a futile exercise and therefore further action in this regard may be dropped by issuing necessary guidelines/directions to avoid such lapses in future. Also the possibility of initiating disciplinary action against those officers who are responsible for the lapse is difficult as the missing of the files believed to have contained the proposals for SDG for the year 1983-84 is 26 years old and hence it was difficult to fix the responsibility on officers concerned in this regard. Also as directed by Finance Department, instructions were issued regarding violation of budgetary principles, warning strict disciplinary action against the officers responsible for such lapses in future, vide Circular No. 28516/AP/09/AD dated 5-7-2010. In these circumstances it is prayed that the Committee may be pleased to drop further action on the recommendation in para 13.

REVENUE DEPARTMENT**Recommendation**

(SI No. 5, Para No. 13)

2.13 The Committee recommend that the Agriculture, Revenue and Finance Departments should conduct an enquiry into the missing or delitescence of the

concerned files believed to have contained the proposals for supplementary demands for that year and take strict disciplinary action against the officers responsible for the lapses.

Action Taken

2.14 No such cases of file missing is reported as regards the Revenue Department. Generally, files related to Supplementary Demands are forwarded to the Finance Department and that Department would place these files before the Legislature for approval. Now, prompt action is being taken on files dealing with Supplementary Demand for Grants in Revenue Department.

FINANCE DEPARTMENT

Recommendation

(Sl No. 7, Para No. 19)

2.15 The Committee are of the opinion that there should be an effective machinery in Government Departments and in treasuries to monitor the flow of expenditure, absence of which would imperil budgetary control. The Committee recommend that Finance Department should look into this aspect and evolve an effective mechanism to ensure a more accurate and closer approximation of the budget provision with reference to actuals so as to enforce strict financial discipline. The Committee are of the opinion that educating the officers in strictly following financial rules and making them understand the implications of the recommendations of the Committee is an important task of the Government.

Action Taken

2.16 Necessary circular instructions were issued as per circular Memorandum No. 90042/BW G3/97/Fin. Dated 1-12-1997 (annexure) so as to enforce strict financial discipline and ensure prompt regularisation of excess expenditure wherever required.

Government also desires to computerise all treasuries in the State as part of exercising effective control of expenditure. When this is materialised, it is expected that Finance Department will have direct online link with the treasuries which will help to monitor the flow of expenditure.

FINANCE DEPARTMENT**Recommendation***(SI No. 8 Para 20)*

2.17 Subject to observations and comments, the excess expenditure over voted grants/charged appropriations for the years 1983-84 to 1988-89 detailed in para 3 are recommended for regularisation under article 205 of the Constitution.

Action Taken

2.18 The Demands for Excess Grant and connected Appropriation Bill for regularising the excess expenditure over Voted Grants Charged/Appropriation for the years 1983-84 to 1988-89 passed by the Legislative Assembly on 17th February 1999 received the assent of the Governor on 21st February 1999. The Connected Appropriation Acts (Appropriation Act Nos. 3, 4, 5, 6 & 7 of 1999) have been Published in the Kerala Gazette Extraordinary dated 22-2-1999 (vide Gazette Nos. 362, 363, 364, 365 and 366 dated 22-2-1999).

Thiruvananthapuram,
22nd August, 2017.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

Para	Department	Conclusions/Recommendation
1.3	Finance	The Committee opined that the lapse of 13 long years for constituting an enquiry Committee was deliberate and also that the Finance Department acted very irresponsibly in the matter and expressed displeasure in it. The Committee commented that the role of the Finance Department in the missing of files could not be ruled out. The Committee also suggested that stringent, immediate action should be taken against the delinquent officers currently in service for the unjustifiable lapse.
1.8	Water Resources	The Committee noted with serious concern that the Water Resources Department has not entrusted the responsibility to segregate and keep the important files in the department to any of the officers. Therefore the Committee decided to recommend that the Water Resources department should entrust an officer to keep the important files and also to fix responsibility against him in the case of missing of files.

APPENDIX II

ANNEXURES TO ACTION TAKEN STATEMENTS



GOVERNMENT OF KERALA

Abstract

Finance Department – Committee to conduct enquiry into the missing or delitescence of files which contained the proposals for SDG for the year 1983-84-Constituted – Orders issued.

FINANCE (BUDGET WING - H) DEPARTMENT

G.O.(Rt) No. 6391/09/Fin.

Dated, Thiruvananthapuram, 23rd September 2009.

Read:- 1. Letter No. 9592/PAC-B 3/96/Leg. Dated 29/05/2008.

2. D.O. Letter No. 60312/BWH3/08/Fin dated 30/06/2009

ORDER

The Committee on Public Accounts (1995-96) in their 124th report (para no. 13) recommended that the Agriculture, Revenue and Finance Departments should conduct an enquiry into the missing or delitescence of concerned files which contained the proposals for SDG for the year 1983-84 and take strict disciplinary action against the officers responsible for the lapses.

2. Government are pleased to constitute a Committee with the following members for conducting enquiry into the missing or delitescence of the concerned files mentioned in the recommendation No. 5 on para no. 13 contained in the 124th Report of the Public Accounts Committee (1995-96).

- (i) Sri. C. Rajan Achari, Deputy Secretary, Finance (Budget Wing) Department
- (ii) Sri. R. Nandakumar, Deputy Secretary, Agriculture Department
- (iii) Smt. K.R. Prabhavathy, Deputy Secretary, Revenue (K) Department

3. The Committee as constituted above will conduct an urgent enquiry on the matter based on available facts and records and submit a report within seven days to the Secretary (Finance Resources).

(By Order of the Governor)

INDER JIT SINGH,
Secretary, Finance (Resources)

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram
The Accountant General (A&E), Kerala, Thiruvananthapuram
The PA to Secretary (Finance Resources)
Shri. C. Rajan Achari, Deputy Secretary, Finance (Budget Wing) Department
Shri. R. Nandakumar, Deputy Secretary, Agriculture Department
Smt. K.R. Prabhavathy, Deputy Secretary, Revenue (K) Department
Stock file/Office copy

GOVERNMENT OF KERALA
FINANCE (BUDGET WING-H) DEPARTMENT

CIRCULAR

No. 93414/BW.H3/97/Fin.

Dated, Thiruvananthapuram, 30/12/1997

Sub:- Appropriation Accounts 1983-84 – Grant No. XXIX – Agriculture – Excess Expenditure – Recommendation of the Public Accounts Committee- Regarding.

The Public Accounts Committee in its report pertaining to Appropriation Accounts 1983-84 has observed that the additional expenditure of Rs. 451.25 lakhs authorised by Government vide G.O(Rt)No. 1005/83/RD, dated 15/06/1983 and which remained unregularised was the main reason for overall excess expenditure under the Grant XXXIX – Agriculture during 1983-84. The Committee has also observed that the additional authorisation was sanctioned for an object for which no provision was made in the original Appropriation Act of the year, violating budgetary principles and specific instructions contained in the Kerala Budget Manual although the Department had directed that the additional expenditure had to be regularised by obtaining Supplementary Grants. The Committee further observed that Finance Department should have verified whether the proposals for Supplementary Demand in respect of the item had been received before presenting the last batch of Supplementary Demands for Grants and that Finance Department has failed in the discharge of its duties of budgetary control and appropriation of funds. The Committee recommend that Finance Department should evolve some kind of fool proof method to see that such cases of gross negligence never recur.

2. In the circumstances all sections of Budget Wing are hereby directed to strictly keep a keen watch on the regularisation of all additional authorisations stipulated to be regularised through obtaining Supplementary Demands for Grants and ensure that the amounts incurred by way of such authorisation are got included in the final Supplementary Demands for Grants so that similar lapses do not recur in future.

Sd/-
N. BASHEER RAWTHER
ADDITIONAL SECRETARY(FINANCE)

To
All Sections/Officers of the Budget Wing.
Stock File/Office Copy

GOVERNMENT OF KERALA

No. 90042/BW.G3/97/Fin.

FINANCE (BUDGET WING-G) DEPARTMENT

Thiruvananthapuram,

Dated: 01/12/1997

CIRCULAR MEMORANDUM

Sub:- PAC(1995-96) – 124th Report – Recommendation No. 19 on flow of expenditure – strict compliance of financial rules and closer approximation of budget provision with reference to actuals – follow up action – Instructions issued.

The Public Accounts Committee (1995-96) in its 124th report in Recommendation No. 19 has observed that there should be an effective machinery in Government departments and in treasuries to monitor the flow of expenditure, absence of which would imperil budgetary control. The committee recommend that Finance Department should look into this aspect and evolve an effective mechanism to ensure a more accurate and closer approximation of budget provision with reference to actuals so as to enforce strict financial discipline.

2. The only way to avoid such excess expenditure is by keeping a strict watch by the concerned controlling officers and getting the expenditure for each year regularised by Supplementary Demand for Grants (final) as there is no possibility for reappropriation. The controlling officers are showing laxity on their part to get the excess expenditure regularised during the financial year itself.

3. In the circumstances all the controlling officers/Finance Officers are requested to enforce strict financial discipline and ensure that excess expenditure under 'salaries' etc. is regularised during the year without fail.

Sd/-

N. BASHEER RAWTHER
ADDITIONAL SECRETARY (FINANCE)

To

- 1) The Accountant General (Audit) & (A&E), Kerala, Thiruvananthapuram.
- 2) All Officers and Sections of Finance (Budget Wing) Department.
- 3) All Secretaries/Head of Departments
- 4) Stock File

©
Kerala Legislature Secretariat
2017

KERALA NIYAMASABHA PRINTING PRESS.