

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

28

EIGHTY SEVENTH REPORT
(Presented on 16th December, 2014)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014**

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

EIGHTY SEVENTH REPORT

On

**Action Taken by Government on the Recommendations contained in the
128th Report of the Committee on Public Accounts (2008-2011)**

CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1-13

COMMITTEE ON PUBLIC ACCOUNTS (2014-2016)

Chairman:

Dr. T. M. Thomas Isaac

Members:

Shri T. A. Ahammed Kabcer

- » Kodiyeri Balakrishnan
- » Benny Bchanan
- » C. Divakaran
- » C. Mammatty
- » Mathew T. Thomas
- » C. P. Mohammed
- » K. Radhakrishnan
- » Roshy Augustine
- » M. V. Sreyams Kumar.

Legislature Secretariat :

Shri P. D. Sarangadharan, Secretary

» K. Mohandas, Special Secretary

Smt. A. K. Shaila, Deputy Secretary

Shri G. P. Unnikrishnan, 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 87th Report on Action Taken by Government on the Recommendations contained in the 128th Report of the Committee on Public Accounts (2008-2011).

The Committee considered and finalised this Report at the meeting held on 9th December, 2014.

Thiruvananthapuram,
16th December, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the 128th Report of the Committee on Public Accounts (2008-2011).

The 128th Report of the Committee on Public Accounts (2008-2011) was presented to the House on 28th July, 2010. The Report contained 10 recommendations relating to various Departments. Government were addressed on 2nd August, 2010 to furnish the Statements of Action Taken on the recommendations contained in the Report and the final replies received on 20th March 2014.

The Committee examined the Statements of Action Taken at its meetings held on 26-9-2012 and on 30-4-2014. The Committee decided not to pursue further action on the recommendations in the light of replies furnished by Government. Such recommendations and Government replies are incorporated in this Report.

Recommendation

(Sl. No. 1, Para No. 3)

The Committee notes with grave concern the fact that in spite of recurrent instructions, the Departments are reluctant in furnishing the explanatory notes even after the lapse of several years. The Committee strongly denounces the unconcerned attitude of the Government Departments in the matter and insists that the notes explaining the reasons for excess expenditure, pending before various Departments from 1990-91 onwards should be furnished within one month of presentation of this Report. The Committee expresses deep dissatisfaction at the callous attitude of the Planning and Economic Affairs Department in not submitting the explanatory notes regarding the excess expenditure incurred by it during 1990-91 even after a lapse of more than nineteen years, in spite of repeated reminders. The Committee urges the Department to take urgent measures to furnish the Notes within one month of presentation of this Report.

Action Taken

AGRICULTURE (PB) DEPARTMENT

All the cases of regularization of excess expenditure for Agriculture Department has been finalized and there are no cases of pending items up to the year 2011-12.

FINANCE (PAC) DEPARTMENT

Notes for regularization of excess expenditure over voted grant under Grant No. XLIII—Compensation and Assignments to Local Bodies and Panchayat Raj Institutions for the year 2008-2009 shown in Appendix II has been got vetted by Accountant General (Audit), Kerala and forwarded to the Secretary, Legislature Secretariat on 6-8-2010.

GENERAL EDUCATION (P) DEPARTMENT

Action completed for the regularization of excess expenditure for the period from 1983-84 to 1991-92 in General Education Department. This position has already been informed to the Legislature, Finance (PAC) Department, vide letter No. 72413/P2/2011/G.Edn. dated 7-1-2012.

HEALTH AND FAMILY WELFARE DEPARTMENT

The Recommendations of the Committee will be followed. On verification of the files of the Health Department, it is seen that Reason for Excess Expenditure was furnished to the Finance Department and Accountant General in time.

HIGHER EDUCATION DEPARTMENT

Recommendations in this para are noted. Notes for regularization of excess expenditure from 1990-91 onwards is not pending in this Department. The notes for the year 1993-94 has been furnished to Legislature Secretariat as per Lr. No. 11202/P/2006/H.Edn. dated 29-7-2010.

HOME DEPARTMENT

The recommendation of the Committee noted for future guidance. However strict directions have already been issued to the Heads of Departments concerned for complying the recommendations of the Committee.

LABOUR AND REHABILITATION DEPARTMENT

As per letter No. 19300/PS/2010/LBR dated 2-1-2013 strict instructions have been given to all the Heads of Departments to ensure that, except during inevitable conditions, the expenditure is within the limit authorised by the Legislature and submit proposals for Supplementary Demands for Grants in due time if additional funds are required. It has also been instructed that notes for regularisation of excess expenditure/savings must be furnished within the stipulated period wherever necessary. There are no cases of pendency in the regularisation of excess expenditure up to the year 2011-12.

LOCAL SELF GOVERNMENT DEPARTMENT

As far as Local Self Government Department is concerned, no notes explaining the reasons for excess expenditure relating to 128th Report of the Committee on Public Accounts (2008-11) are pending.

PLANNING AND ECONOMIC AFFAIRS DEPARTMENT

As per letter No. 8339/P/04/Plg. dated 19-5-2011, 40 final copies of the Notes for regularization of excess expenditure under Grant XXVIII for the year 1990-91 duly vetted by audit had been forwarded to Legislature Secretariat.

SOCIAL WELFARE DEPARTMENT

Notes for Regularization of Excess/Saving for the years 1992-93, 1996-97, 1997-98 under grant No. XXV duly vetted by Audit have already been forwarded to Legislature, vide Government Lr. No. 5798/A3/01/SWD dated 1-2-2011 and for the years 1998-99 and 2000-2001 vide Lr. No. 10067/A3/16/SWD dated 18-5-2011. At present Department is very cautious in moving SDG in time and in taking urgent steps to regularize the excess/savings if any, through Re-appropriation before the close of every financial year.

TAXES DEPARTMENT

As far as the Commercial Taxes Department is concerned, the notes on the regularization of excess expenditure over budget provision up to 2011-12 are already submitted to Legislature Secretariat.

TOURISM DEPARTMENT

The Excess Expenditure in respect of Tourism Department for the year 2006-07 was for an amount of ₹ 1,27,72,873. The department has already furnished the notes explaining the reasons for excess expenditure vide letter No. 53007/C3/2011/TSM dated 2-9-2011 after incorporating the certificate of audit.

WATER RESOURCES DEPARTMENT

As far as Water Resources Department is concerned, no excess expenditure is pending for Regularization.

Recommendation*(Sl. No. 2, Para No. 6)*

The Committee observes that the departments are not interested in moving Supplementary Demands for Grants to meet even the expenditure that was incurred during unavoidable circumstances. The Committee is dissatisfied with the reasons submitted whatsoever for the non submission of proposals for Supplementary Demands. The Committee impleads the Government Departments to take necessary action to see that the expenditure is within the limits authorised by the Legislature and if at all the expenditure exceeds the limit, then it should be incurred only during inevitable conditions.

Action Taken**AGRICULTURE (PB) DEPARTMENT**

Strict instructions were issued to the subordinates to limit the expenditure within the limits authorized by the Legislature. Hence the objection may be dropped.

FINANCE (BUDGET-D) DEPARTMENT

Finance Department is keen in issuing circulars calling for proposals for Supplementary Demands for Grants in time to meet the inevitable expenditures that may arise after passing the Budget by the Legislature. It is therefore, imperative for the Administrative Department/Heads of Departments to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature and if the expenditure over and above this amount becomes unavoidable, a supplementary grant is sought before the close of the financial year.

It is noticed that despite issuance of detailed instructions from time to time, there are recurring instances of expenditure being incurred in excess of the limits prescribed by the Legislature. As per Circular No. 59/2009/Fin. dated 23-7-2009 and Circular No. 4/2010/Fin. dated 14-1-2010 necessary instructions were once again issued to all Administrative Departments/Heads of Departments for strict adherence of para 97(1) of the Kerala Budget Manual so as to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature and for close monitoring of the progress of reconciliation and timely verification of expenditure.

GENERAL EDUCATION DEPARTMENT

Action completed for the regularization of excess expenditure for the period from 1983-84 to 1991-92 in General Education Department. This position has already been informed to the Legislature, Finance (PAC) Department, vide letter No. 72413/P2/2011/G.Edn. dated 7-1-2012.

HEALTH AND FAMILY WELFARE DEPARTMENT

The Direction of the committee has been intimated to all subordinate officers and programme officers of Health Department. They are also requested to limit the expenditure within the Budget allocation and even if the expenditure exceeds the Supplementary Demands for Grants, will be moved to regularize the excess expenditure.

HIGHER EDUCATION DEPARTMENT

Recommendations in this para are noted. Necessary instructions are issued to all administrative sections of this Department for compliance.

HOME DEPARTMENT

The recommendation of the Committee is noted for future guidance. However strict directions have already been issued to the Head of Department concerned for complying the recommendations of the Committee.

LABOUR AND REHABILITATION DEPARTMENT

As per letter No. 19300/PS/2010/LBR dated 2-1-2013 strict instructions have been given to all the Heads of Departments to ensure that, except during inevitable conditions, the expenditure is within the limit authorised by the Legislature and submit proposals for Supplementary Demands for Grants in due time if additional funds are required. It has also been instructed that notes for regularization of excess expenditure/savings must be furnished within the stipulated period wherever necessary. There are no cases of pendency in the regularization of excess expenditure up to the year 2011-12.

LOCAL SELF GOVERNMENT DEPARTMENT

The department is observing the possible best the circulars issued by Finance Department in this connections in every year in its letter and spirit.

PLANNING AND ECONOMIC AFFAIRS DEPARTMENT

As per letter No. 3899/P/11/Plg. dated 5-3-2012 direction has been issued to the concerned Sections/HODs (State Planning Board, Economics and Statistics Department, Land Use Board, Centre for Developmental Studies, Western Ghat Cell) to see that expenditure is within the limit authorized by Legislature and if at all it exceeds the limit, it should be incurred only under inevitable conditions.

SOCIAL WELFARE DEPARTMENT

Notes for Regularization of Excess/Saving for the years 1992-93, 1996-97, 1997-98 under Grant No. XXV duly vetted by Audit have already been forwarded to Legislature, vide Government Lr. No. 5798/A3/01/SWD dated 1-2-2011 and for the years 1998-99 and 2000-2001 vide Lr. No. 10067/A3/10/SWD dated 18-5-2011. At present the Department is very cautious in moving SDG in time and in taking urgent steps to regularize the excess/savings if any, through Re-appropriation before the close of every financial year.

TAXES DEPARTMENT

As far as the Department of Commercial Taxes is concerned, all possible efforts have been made to limit the expenditure within the budgetary allocation. In recent years there was no need for moving Supplementary Demand for Grant Additional requirement for funds under certain heads, when arose, were met either through re-appropriation from other heads where there is surplus as per budget provision.

TOURISM DEPARTMENT

A direction has been given to Tourism Directorate and all institutions under Tourism Department to take necessary actions to see that the expenditure for the financial year is within the limits authorized by the Legislature and if at all the expenditure exceeds the limit, it should be incurred during inevitable circumstances, vide Circular No. 81377/C3/2011/Tsm. dated 18-1-2013.

WATER RESOURCES DEPARTMENT

Supplementary Demands for Grants has been moved properly as far as Water Resources Department is concerned. Expenditure will be limited to the Budget Provision and Expenditure if any over the Budget Provision is limited to the minimum and that too only in inevitable conditions. Recommendations in this regard will be strictly adhered to in future.

Recommendation*(Sl. No. 3, Para No. 7)***FINANCE (BUDGET WING-F) DEPARTMENT**

The Committee notices that dearth of timely reconciliation of Accounts by the departments with those maintained by the Accountant General (A&E) has also been a major reason for incurring excess expenditure. The Committee calls upon the departments to take a realistic attitude in such matters and warns that any lapse in reconciliation of Accounts in time in future would be treated gravely. The Committee impleads the Finance Department to assure that the procedures for budgetary control as laid down in the Kerala Budget Manual is being strictly followed by all the Administrative Departments.

Action Taken

Despite prevalence of specific codal provisions and instructions issued by Government from time to time in controlling expenditure, there are recurring instances of expenditure incurred in excess of the limits prescribed by the Legislature. So, Finance Department as per Circular No. 59/2009/Fin. dated 23-7-2009 and Circular No. 4/2010/Fin. dated 14-1-2010 issued necessary instructions to all Heads of Department/Chief Controlling Officers for strict adherence of relevant rules and procedures stipulated in para 97(1) of the Kerala Budget Manual so as to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature and for close monitoring on progress of expenditure against budget allocation and reconciliation of accounts with the Accountant General. Moreover, Finance (Inspection-K) Department is also entrusted with monitoring of the pendency in monthly reconciliation by the Heads of the Department/Chief Controlling Officers of departmental figures with that of the Accountant General. Vide Circular No. 59/2009/Fin. dated 23-7-2009 all Drawing Officers are also instructed to attach a certificate to each bill that the bill presented is within the budgeted provision/allotment. The Treasury Officers were instructed not to honour bills in the absence of such certificate. The Treasury Officers were also instructed to furnish a monthly report on the bills honoured by them without the certificate of drawing with reasons thereof to the Director of Treasuries, who in turn will consolidate the report and submit to Government for taking action against those controlling officers who are violating these instructions. Chief Controlling Officers/Drawing and Disbursing Officers

were also instructed to conduct timely reconciliation of figures and should report the unavoidable payments, to Government in Administrative Departments concerned and in the Finance Department for allocation of fund with clear suggestions of its regularization. It was also specified therein that Government will be constrained to consider withholding allotment of funds of those departmental officers, which default in reconciliation in future.

Recommendation

(Sl. No. 4, Para No. 11)

WATER RESOURCES (WSC) DEPARTMENT

The Committee was informed that the excess expenditure was incurred since the amount of ₹ 8 lakh received as Central assistance to Kerala Water Authority during 1993-94 was released as "Loans to KWA" instead of being included as revenue expenditure under the Head of Account "Grant-in-Aid". The Committee desires to cite this as an evident incident of supervisory lapse on the part of the department and recommends that such lapses should be averted in future at any cost. The Committee also laments the inordinate delay of more than 14 years in the submission of the explanatory notes by the department which is a clear indication of the non adherence to the time limit fixed by Government for the same in the 'Handbook of Instructions'.

Action Taken

During the financial year 1993-94 a central assistance of ₹ 8 lakh was released to KWA debiting the expenditure under the head of account 6215-01-190-99-loans by mistake instead of under the head of account 2215-01-190-99-grant-in-aid. But the erroneous classification was not noticed by that time. It might have happened due to oversight. The Committee strongly recommended to avoid such lapses in future at any cost. The recommendations of the Committee has been taken in right spirit and a circular instruction has been issued to all the Controlling and Disbursing Officers of Kerala Water Authority to take utmost care to debit the expenditure under the right head of account and to avoid misclassification.

Recommendation

(Sl. No. 5, Para No. 13)

Besides, the Department had ample time to move for Supplementary Demands for Grants within the financial year. Even then, the Department

resorted to the easiest method of drawing excess funds which is a clear indication of the dearth of an effective mechanism to monitor the control and flow of expenditure. Hence the Committee cautions the Department to be more careful while dealing with such matters in future and insists that if in unavoidable circumstances, excess expenditure is incurred, then prompt action should be taken to move for supplementary grants within the financial year itself to regularize it. The Committee also calls for sincere efforts on the part of the Department to submit explanatory notes within the stipulated time.

Action Taken

WATER RESOURCES (G&P) DEPARTMENT

The recommendation will be followed strictly in future. Directions have already been given to all concerned in this regard.

WATER RESOURCES (WSC) DEPARTMENT

In the year 1995-96 an amount of ₹ 5182.50 lakh was provided as original grant and supplementary grant of ₹ 600 lakh together sum up the total grant of ₹ 5782.50 lakh to Kerala Water Authority. But the actual expenditure during the year was ₹ 5902.50 lakh and an excess of ₹ 120 lakh. But the excess was not regularized either through re-appropriation or through SDG. Regularization of excess expenditure incurred require the sanction of the Legislature and the excess incurred should have been regularized in the expended financial year itself. As per the recommendations of the Committee in its report in the year 2010 a stringent circular instruction has been issued to the MD. KWA to regularize the excess expenditure in the year itself, by moving SDG.

Recommendation

(Sl. No. 6, Para No. 15)

TRANSPORT DEPARTMENT

The Committee opines that the department has violated the Constitutional provision and condemns the unconcerned approach towards Financial Code and Budget Manual. The Committee directs the department to reconcile its accounts with that of the Accountant General, at the earliest.

Action Taken

The latest position of the reconciliation of receipt done by the offices of Motor Vehicles Department is as follows:

- | | |
|--|---|
| 1. Deputy Transport Commissioner's Office,
South Zone, Thiruvananthapuram and
offices under his jurisdiction | .. Completed up to 31-3-2012 |
| 2. Deputy Transport Commissioner's Office,
Central Zone-I, Thrissur and the office
under his jurisdiction | .. Completed up to 31-3-2012 |
| 3. Deputy Transport Commissioner's Office,
Central Zone-II, Ernakulam and the
offices under his jurisdiction | .. Completed up to 31-3-2012 |
| 4. Deputy Transport Commissioner's Office,
North Zone, Kozhikode and the offices
under his jurisdiction | .. Completed up to 31-3-2012 |
| 5. State Transport Authority,
Thiruvananthapuram. | .. Reconciliation of receipt
completed up to
31-8-2012 and certificate
obtained from the District
Treasury Officer,
Thiruvananthapuram |

Reconciliation of Expenditure

<i>Name of Office</i>	<i>Period up to which Reconciliation completed</i>
1. Transport Commissioner's Office.	31-8-2012 (Plan) 31-7-2012 (Non Plan)
2. Deputy Transport Commissioner's Office, South Zone, Thiruvananthapuram.	31-12-2011
3. Deputy Transport Commissioner's Office, Central Zone - I, Thrissur.	31-11-2011
4. Deputy Transport Commissioner's Office, Central Zone - II, Ernakulam.	31-1-2012
5. Deputy Transport Commissioner's Office, North Zone, Kozhikode.	31-3-2012

Strict instructions have been issued to all officers of the Motor Vehicles Department to complete the reconciliation work urgently.

STATE WATER TRANSPORT DEPARTMENT

The present status of reconciliation of accounts pertaining to the department is as follows:

(a) *Revenue Reconciliation*

There is a reconciliation pendency from the financial year 2002-03 to 2007-08 and that for the period 2008-09, 2009-10, 2010-11 and 2011-12 have been completed and submitted to Accountant General for certification.

(b) *Expenditure Reconciliation*

The reconciliation of expenditure up to the year 2011-12 have been completed and the final certificate has been forwarded to the Accountant General (A&E) for further necessary action.

Recommendation

(Sl. No. 7, Para No. 17)

TOURISM DEPARTMENT

The Committee finds that the Department had not moved for Supplementary Demands for Grants either, which is viewed very seriously by it. The Committee believes that all these are evidences of the dearth of proper financial discipline in the Department and insists that strict financial discipline should be followed in the Department in future, at any cost.

Action Taken

Government have directed the Director, Department of Tourism and all PSUs under Tourism Department to follow strict financial discipline in the department and to move for Supplementary Demand for grants as and when required in time without any negligence.

Recommendation

(Sl. No. 8, Para No. 18)

FINANCE DEPARTMENT

The Committee requires the Finance Department to delve into all aspects put forth in the proposals submitted by the concerned Departments and make ample provision in the budget so that excess expenditure could be averted to some extent in future.

Action Taken

The provision for a particular Department in the budget is included taking in to account all the aspects such as budget proposals submitted by the Department, expenditure incurred for each category of item in the previous year, the present trend in expenditure in the first five months of the financial year, need and justification of the amount proposed and sanction of competent authority in the case of new item of expenditure proposed etc. Analyzing all these aspects, suitable provision is earmarked for each Department based on the resource position of the state. After the computerisation of Treasuries, the excess expenditure could be regulated to some extent.

Recommendation

(Sl. No. 9, Para No. 19)

FINANCE DEPARTMENT

The Committee recommends that in future, either the amount proposed by the State Legislature or 1% of the budget amount, whichever is less should be provided under Grant No. I—State Legislature.

Action Taken

While preparing budget estimates, Finance Department takes earnest effort to include sufficient budget provisions under Grant No. I, State Legislature based on the proposals submitted by the Legislature Secretariat and the actual expenditure incurred for each category of item in the previous year. However resource position of the state will also be taken in account before finalizing the figures.

Recommendation

(Sl. No. 10, Para No. 20)

FINANCE DEPARTMENT

The Committee directs the Finance Department to give necessary instructions to those Departments which have failed to furnish the explanatory notes on the reasons of excess expenditure disclosed in the Appropriation Accounts of various years and to submit the same without any more delay.

Action Taken

Circular instructions issued vide Circular No. 91/2010/Fin., dated 3-11-2010 to the Administrative Departments concerned directing to furnish the notes explaining the reason for excess expenditure over voted grants/charged appropriation.

Thiruvananthapuram,
16th December, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

©

Kerala Legislature Secretariat
2015

KERALA NIYAMASABHA PRINTING PRESS.