

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2008-2011)**

**NINETY SEVENTH REPORT**

(Presented on 29th June, 2009)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2009

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2008-2011)**

**NINETY SEVENTH REPORT**

**On**

**Action taken by Government on the Recommendations contained  
in the Fifty Fifth Report of the Committee  
on Public Accounts (2001-2004)**

## CONTENTS

	<i>Page</i>
Composition of the Committee ..	vii
Introduction ..	v
Report ..	1
Appendices :	
I Circular No. 89/2003/Fin. dated 17-11-2003 ..	11
II Circular No. 94/2003/Fin. dated 9-12-2003 ..	13
III Circular No. 35/2004/Fin. dated 8-6-2004 ..	14
IV Circular No. 91/2003/Fin. dated 1-12-2003 ..	16
V Circular No. 27/2004/Fin. dated 7-5-2004 ..	17
VI Circular No. 18/2005/Fin. dated 19-4-2005 ..	22
VII Circular No. 13/2005/Fin. dated 4-3-2005 ..	23

COMMITTEE ON PUBLIC ACCOUNTS (2008-2011)

*Chairman :*

Shri Aryadan Muhammed

*Members :*

Shri C. T. Ahammed Ali

„ Anathalavattom Anandan

„ Babu Paul

„ K. C. Joseph

„ K. M. Mani

„ A. C. Moideen

„ M. Prakashan Master

„ Ramachandran Kadannappally

Smt. K. K. Shylaja Teacher

Shri M. V. Sreyams Kumar

*Legislature Secretariat :*

Shri P. D. Rajan, Secretary

Smt. V. Jayalekshmi Amma, Additional Secretary

Shri Wilson V. John, Deputy Secretary

Smt. A. Achamma, 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 97th Report on Action taken by Government on the Recommendations contained in the 55th Report of the Committee on Public Accounts (2001-2004).

The Committee considered and finalised this Report at the meeting held on 10th June, 2009.

Thiruvananthapuram,  
29th June, 2009.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the action taken by Government on the recommendations contained in the Fifty fifth Report of the Committee on Public Accounts (2001-2004).

The Fifty fifth Report of the Committee on Public Accounts (2001-2004) was presented to the House on 12th August 2003 and the Report contains nine recommendations relating to regularisation of excess expenditure over voted grants/ charged Appropriation of Finance and almost all the Administrative Departments. Government were addressed on 25-8-2003 and the final replies were received from Power Department on 4-8-2004, Food and Civil Supplies Department on 18-4-2005, Finance (Budget) Department on 2-8-2004 and 1-2-2006, Taxes Department on 13-9-2006, Finance (PAC) Department on 28-11-2006, Ports Department on 19-2-2008 and Home Department on 22-5-2008.

The Committee examined the action taken statements furnished by Government at its meeting held on 11-6-2008 and accepted the replies furnished by Finance and other Administrative Departments on the recommendations with the following comments. “ *If the action taken statements on the excess expenditure over voted grants/ charged appropriations furnished by the Finance Department are satisfactory, further action need not be taken to obtain the SOATs on the same recommendations from the respective Administrative Departments.*” The recommendations of the Committee and the statements of action taken by Finance and other Administrative Departments are incorporated in this Report.

### **RECOMMENDATIONS OF THE COMMITTEE AND THE REPLIES FURNISHED BY THE GOVERNMENT**

#### **Recommendation**

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

1. While examining the notes on excess expenditure over Voted Grants/ Charged Appropriations, the Committee noticed certain general features with regard to incurrence of excess expenditure, experienced by almost all the departments. The Committee found that there has not been a proper and effective system to monitor the progress in expenditure with the result that excess expenditure over Voted Grants/ Charged Appropriations is noticed only at the close of the financial year. Secondly, due to non-functioning of the check and balance measures to be exercised as per rules, overdrawals are noticed only when the excesses are pointed out through Appropriation Accounts. Thirdly, the departments fail to take timely

action to moot proposals for supplementary demand even for the anticipated additional expenditure. Finally, failure in estimating even the unavoidable expenditure to be incurred on account of grant of additional D.A., revision of pay etc. also lead to excess expenditure.

**Action Taken by Finance (PAC) Department**

2. Government have issued directions in this regard vide Circular No. 89/03/Fin. dated 17-11-2003, Circular No.94/03/Fin. dated 9-12-2003 and Circular No. 35/04/Fin.dated 8-6-2004. (Copies of the circulars are enclosed as Appendices I,II,III respectively)

**Action Taken by Finance (B.W.) Department**

3. Circular No. 86/2003/Fin. dated 29-10-2003 has been issued. Effective measures have been suggested in Circular No. 37/05/Fin. dated 23-6-2005.

**Action taken by Home Department**

4. The conditions made in the report of the Committee have been noted for future guidance and strict compliance. Strict reconciliation method, control of expenditure and proper appropriation of account is being maintained. A perfect effective system to monitor maintaining expenditures under various heads of account has been developed. It may be noted that much attention and keen efforts are given in the matter of finalising appropriation accounts and also for mooting proposals for the Supplementary Demand within the stipulation and direction issued by the Finance Department from time to time. Excess expenditure incurred during 1998-99, 2000-2001 and 2001-02 have since been got regularised.

**Action taken by Ports Department**

5. In Ports Department no excess expenditure was incurred during the year 2001-02, 2002-03, 2003-04 and to monitor the progress in expenditure and it is ensured that the appropriation does not exceed over voted Grants. In case if there is a possibility of expenditure exceeding the provision, necessary steps have been taken for additional authorisation/Supplementary Demands for Grants/re-appropriation of funds. This Department has also taken care to include additional expenditure on sanction of additional DA and revision of pay etc. The recommendation of the Committee will be strictly adhered to in future.

**Action taken by Power Department**

6. This Department is making earnest and effective efforts to adhere to the mechanism prevalent for budgetary control in its full sense and spirit. The few instances of excess expenditure mentioned at Appendix II of the Report occurred due to special circumstances, which are well explained in the Notes for

Regularisation. Notes for Regularisation of excess for the year 2000-2001 have already been furnished to Legislature Secretariat vide Lr. No.6239/CI/2001/PD dated 12-11-2003. In respect of Regularisation of excess for the years 1995-96 and 1996-97, Notes for Regularisation have been forwarded to Finance Department for scrutiny and getting them vetted by Audit vide File No. 448/CI/97/PD dated 15-11-2003 and File No. 7307/CI/2003/PD dated 27-8-2003 respectively. The Notes will be furnished to Legislature Secretariat immediately on receipt of the Files back from Finance Department.

7. In most of the cases this Department had taken up proposals for Supplementary Demand to cover the expenditure which had to be incurred under unavoidable circumstances in excess of original grant. This Department will take timely action in future in this direction to avoid incurring expenditure beyond the limit authorised by the House. This Department regularly follow the instructions contained in the 'Hand Book of Instruction's and circulars issued by the Finance Department from time to time. In this connection it may be noted that no instances of excess expenditure have so far occurred under the heads of accounts operated by Electrical Inspectorate Department which is under the administrative control of this Department. Also, maximum effort is being taken by Electrical Inspectorate Department for timely reconciliation of departmental figures with the accounts maintained by Accountant General.

#### **Recommendation**

*(Sl. No. 2, Para No. 4)*

8. The Committee finds no justification for the excess expenditure incurred due to laxity occurred in the aforesaid manner. The Committee urge all the administrative departments not to recur the lapses and desire to take all possible precautionary steps and to make earnest efforts to avoid excess expenditure in future.

#### **Action taken by Finance (PAC) Department**

9. Government have issued directions in this regard vide Circular No. 89/03/Fin, dated 17-11-2003 and Circular No. 94/03/Fin. dated. 9-12-2003 and Circular No. 35/04/Fin. dated 8-6-2004.

#### **Action taken by Home Department**

10. The conditions made in the report of the Committee have been noted for future guidance and strict compliance. Strict reconciliation method, control of expenditure and proper appropriation of account is being maintained. A perfect effective system to monitor maintaining expenditures under various heads of account has been developed. It may be noted that much attention and keen efforts



are given in the matter of finalising appropriation accounts and also for mooted proposals for the Supplementary Demand within the stipulation and direction issued by the Finance Department from time to time. Excess expenditure incurred during 1998-99, 2000-2001 and 2001-02 have since been got regularised

#### **Action taken by Ports Department**

11. All precautionary steps and earnest efforts will be taken to avoid excess expenditure in future as urged by the Committee.

#### **Action taken by Power Department**

12. This Department is making earnest and effective efforts to adhere to the mechanism prevalent for budgetary control in its full sense and spirit. The few instances of excess expenditure mentioned in Appendix II of the Report occurred due to special circumstances, which are well explained in the Notes for Regularisation. Notes for Regularisation of excess for the year 2000-2001 have already been furnished to Legislature Secretariat vide Lr. No.6239/CI/2001/PD dated 12-11-2003. In respect of Regularisation of excess for the years 1995-96 and 1996-97, Notes for Regularisation have been forwarded to Finance Department for scrutiny and getting them vetted by Audit vide File No. 448/CI/97/PD dated 15-11-2003 and File No. 7307/CI/2003/PD dated 27-8-2003 respectively. The Notes will be furnished to Legislature Secretariat immediately on receipt of the Files back from Finance Department.

13. In most of the cases this Department had taken up proposals for Supplementary Demand to cover the expenditure which had to be incurred under unavoidable circumstances in excess of original grant. This Department will take timely action in future in this direction to avoid incurring expenditure beyond the limit authorised by the House. This Department regularly follow the instructions contained in the 'Hand Book of Instructions' and circulars issued by the Finance Department from time to time. In this connection it may be noted that no instances of excess expenditure have so far occurred under the heads of accounts operated by Electrical Inspectorate Department which is under the administrative control of this Department. Also, maximum effort is being taken by Electrical Inspectorate Department for timely reconciliation of departmental figures with the accounts maintained by Accountant General.

#### **Recommendation**

*(Sl. No. 3, Para No. 5)*

14. The Committee observe that the officers deputed from the Finance Department to the various Government Departments/Institutions who are posted to deal with and look into the financial matters do not discharge their duties

satisfactorily. The Committee is of the view that all the financial matters should be thoroughly looked into by the respective finance officers.

**Action taken by Finance (PAC) Department**

15. Necessary instructions were issued vide Circular No. 91/03/Fin. dated 1-12-2003. Copy of Circular is enclosed. (Appendix - IV)

**Recommendation**

*(Sl. No. 4, Para No. 9)*

16. The Committee do not agree with the argument of the department that it could not anticipate the exact amount of arrears pending drawal. The Committee are of the view that had the department taken steps in this direction it could have averted this situation. The Committee urge the department to activate the mechanism for financial control effectively. The Committee find no justification for the inordinate delay in the submission of notes explaining reason for excess expenditure. The Committee desire the department to avoid inordinate delay in future. The Committee also urge the Finance department to give necessary instructions to Finance Officers who are deputed to various Administrative Departments to discharge their duties sincerely and effectively so that the existing difficulties can be overcome.

**Action taken by Finance (PAC) Department**

17. Directions have been issued in Circular No. 89/03/Fin. dated 17-11-2003, Circular No. 94/03/Fin. dated 9-12-2003 and Circular No. 35/04/Fin. dated 8-6-2004 and Circular No. 27/04/Fin. dated 7-5-2004.(Appendix -V).

**Recommendation**

*(Sl. No. 5, Para No. 11)*

18. The Committee understand that the excess expenditure under this Grant was incurred due to certain unavoidable circumstances. Though the Committee are convinced with the reasons for the incurrence of excess expenditure, the Committee are dissatisfied with the reasons for the inordinate delay in the submission of 'Notes', adduced by the witness. The Committee urge the department to strictly adhere to the time limit prescribed for the submission of 'Notes' explaining reasons for excess expenditure in future.

**Action taken by Taxes Department**

19. Both the Inspector General of Registration and the Director of Treasuries have assured that they would strictly adhere to the instructions of the Committee on Public Accounts in future. The Government have also noted the observation of the Public Accounts Committee for future guidance.

**Recommendation**

*(Sl. No. 6, Para No. 13)*

20. The Committee wish to bring the attention of all the Administrative Departments to the fact that when there is overall excess from the Voted Grants or Charged Appropriations, the excess requires regularisation by the Legislature, irrespective of the quantum of excess incurred, under Article 205 of the Constitution. Therefore, the Committee urge all the Departments to make sure that the excess incurred by the Departments are got regularised by the Legislature and 'Notes' explaining reasons are submitted to the Committee within the time limit prescribed as per rule, for regularisation under the above Article so as to avoid accumulation of arrears in this regard.

**Action taken by Finance (PAC) Department**

21. Directions have been issued in Circular No. 27/04/Fin.dated 7-5-2004 and Circular No. 18/05/Fin. dated 19-4-2005(Appendix-VI).

**Action taken by Home Department**

22. The conditions made in the report of the Committee have been noted for future guidance and strict compliance. Strict reconciliation method, control of expenditure and proper appropriation of account is being maintained. A perfect effective system to monitor maintaining expenditures under various heads of account has been developed. It may be noted that much attention and keen efforts are given in the matter of finalising appropriation accounts and also for mooted proposals for the Supplementary Demand within the stipulation and direction issued by the Finance Department from time to time. Excess expenditure incurred during 1998-99, 2000-01, and 2001-02 have since been got regularised.

**Action taken by Ports Department**

23. No cases of regularisation of excess expenditure over and above voted grants/charged appropriation have been reported for the Ports Department. Action will be taken to regularise this excess expenditure by the Legislature and 'Notes' will be submitted explaining the reasons as recommended by the Committee if it occurs in future.

**Action taken by Power Department**

24. This Department is making earnest and effective efforts to adhere to the mechanism prevalent for budgetary control in its full sense and spirit. The few instances of excess expenditure mentioned in Appendix II of the Report occurred due to special circumstances, which are well explained in the Notes for Regularisation. Notes for Regularisation of excess for the year 2000-2001 have

already been furnished to Legislature Secretariat vide Lr. No.6239/CI/2001/PD dated 12-11-2003. In respect of Regularisation of excess for the years 1995-96 and 1996-97, Notes for Regularisation have been forwarded to Finance Department for scrutiny and getting them vetted by Audit vide File No. 448/CI/97/PD dated 15-11-2003 and File No. 7307/CI/2003/PD dated 27-8-2003 respectively. The Notes will be furnished to Legislature Secretariat immediately on receipt of the Files back from Finance Department.

25. In most of the cases this Department had taken up proposals for Supplementary Demand to cover the expenditure which had to be incurred under unavoidable circumstances in excess of original grant. This Department will take timely action in future in this direction to avoid incurring expenditure beyond the limit authorised by the House. This Department regularly follow the instructions contained in the 'Hand Book of Instruction' and circulars issued by the Finance Department from time to time. In this connection it may be noted that no instances of excess expenditure have so far occurred under the heads of accounts operated by Electrical Inspectorate Department which is under the administrative control of this Department. Also, maximum effort is being taken by Electrical Inspectorate Department for timely reconciliation of departmental figures with the accounts maintained by Accountant General

#### **Recommendation**

*(Sl. No. 7, Para No. 15)*

26. The Committee notice that there was inordinate delay in submitting notes explaining reasons of excess expenditure on the part of Food, Civil Supplies and Consumer Affairs Department also. The Committee desire to point out the Constitutional obligation in this regard and urge the department not to recur such lapses in future. The Committee also agree with the finding of the Finance Department that the department lacked effective and proper control to monitor the progress in expenditure. The Committee urge the department to activate the mechanism for monetary control to overcome the existing difficulty.

#### **Action taken by Food and Civil Supplies and Consumer Affairs Department**

27. The evaluation of the Committee is accepted in its full gravity. The expenditure under each head will be monitored properly to avoid the recurrence of such excess expenditure over and above the budget provision in future. The delay already occurred in submitting the reason towards the excess expenditure as pointed out by the Committee will not be repeated in future. The department will improve the system and procedure for monetary control to overcome the existing difficulty. The views of the Committee as a whole is noted for future guidance.

**Recommendation**

*(Sl. No. 8, Para No. 17)*

28. The Committee note the delay in getting the excess regularised by the department and wish to enlighten all the Administrative Departments about the Constitutional difficulty that arises due to non-regularisation. The Committee desire all the departments to follow the instructions contained in the 'Hand Book of Instructions' and circulars issued by the Finance Department from time to time.

**Action taken by Finance (PAC) Department**

29. Directions have been issued in Circular No. 27/04/Fin. dated 7-5-2004 and Circular No. 18/05/Fin. dated 19-4-2005. Instructions have been reiterated as per para 4,5,6 of Circular No. 13/05/Fin. dated 4-3-2005. (Appendix – VII).

**Action taken by Home Department**

30. The conditions made in the report of the Committee have been noted for future guidance and strict compliance. Strict reconciliation method, control of expenditure and proper appropriation of account is being maintained. A perfect effective system to monitor maintaining expenditures under various heads of account has been developed. It may be noted that much attention and keen efforts are given in the matter of finalising appropriation accounts and also for mooted proposals for the Supplementary Demand within the stipulation and direction issued by the Finance Department from time to time. Excess expenditure incurred during 1998-99, 2000-01 and 2001-02 have since been got regularised.

**Action taken by Ports Department**

31. Ports Department has strictly observed the instruction contained in the Hand book of instructions and circular issued by the Finance Department from time to time and the same will be followed in future as recommended by the Committee.

**Action taken by Power Department**

32. This Department is making earnest and effective efforts to adhere to the mechanism prevalent for budgetary control in its full sense and spirit. The few instances of excess expenditure mentioned in Appendix II of the Report occurred due to special circumstances, which are well explained in the Notes for Regularisation. Notes for Regularisation of excess for the year 2000-2001 have already been furnished to Legislature Secretariat vide Lr. No. 6239/CI/2001/PD dated 12-11-2003. In respect of Regularisation of excess for the years 1995-96 and 1996-97, Notes for Regularisation have been forwarded to Finance Department for scrutiny and getting them vetted by Audit vide File No. 448/CI/97/PD dated

15-11-2003 and File No. 7307/CI/2003/PD dated 27-8-2003 respectively. The Notes will be furnished to Legislature Secretariat immediately on receipt of the Files back from Finance Department.

33. In most cases this Department had taken up proposals for Supplementary Demand to cover the expenditure which had to be incurred under unavoidable circumstances in excess of original grant. This Department will take timely action in future in this direction to avoid incurring expenditure beyond the limit authorised by the House. This Department regularly follow the instructions contained in the 'Hand Book of Instruction's and circulars issued by the Finance Department from time to time. In this connection it may be noted that no instances of excess expenditure have so far been incurred under the heads of accounts operated by Electrical Inspectorate Department which is under the administrative control of this Department. Also, maximum effort is being taken by Electrical Inspectorate Department for timely reconciliation of departmental figures with the accounts maintained by Accountant General.

#### **Recommendation**

*(Sl. No. 9, Para No. 18)*

34. Subject to the observations and comments, the excess expenditure over Voted Grants/Charged Appropriations for the years 1989-90 to 1998-99 as detailed in Para 7 are recommended for regularisation under Article 205 of the Constitution.

#### **Action taken by Finance (Budget) Department**

35. The Demands for Excess Grants and the connected Appropriation Bills for regularising the excess expenditure over Voted Grants/Charged Appropriations for the years 1989-90, 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1997-98 and 1998-1999 as recommended in the 34<sup>th</sup> Report & 55<sup>th</sup> Report, have been passed by the Legislative Assembly on 6<sup>th</sup> February, 2004. The connected Appropriation Acts (Appropriation Act Nos. 2,3,4,5,6,7,8,9,10 & 11 Of 2004) have been published in the Kerala Gazette Extra ordinary dated: 27-3-2004.(Vide Gazette Nos. 764. to 773 dated, 27-3-2004).

#### **Action taken by Home Department**

36. The conditions made in the report of the Committee have been noted for future guidance and strict compliance. Strict reconciliation method, control of expenditure and proper appropriation of account is being maintained. A perfect effective system to monitor maintaining expenditures under various heads of 488/2009.

account has been developed. It may be noted that much attention and keen efforts are given in the matter of finalising appropriation accounts and also for mooted proposals for the Supplementary Demand within the stipulation and direction issued by the Finance Department from time to time. Excess expenditure incurred during 1998-99, 2000-01 and 2001-02 have since been got regularised.

Thiruvananthapuram,  
29th June, 2009.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX I

## GOVERNMENT OF KERALA

**Finance (Streamlining) Department**

## CIRCULAR

No. 89/2003/Fin.

*Dated, Thiruvananthapuram, 17th November 2003.**Sub:—Appropriation Control—Instructions—Issued*

It is stipulated in Rule 444 of the Kerala Treasury Code Volume I and Para 67 of the Kerala Budget Manual that the expenditure, in respect of 15 Departments mentioned therein, is to be watched by Treasuries through Appropriation Control Register in Form No. TR 110, to avoid incurring of expenditure in excess of actual allotment; under each unit of appropriation. Accordingly, when a bill is presented for payment in the Treasury, the availability of budget provision (appropriation) to cover the payment is checked with reference to the entries in the Appropriation Control Register. In case the appropriation then available is insufficient to cover the payment, the bill will be returned uncashed. Disbursement of salaries, wages and pensions are exempted from the purview of this scheme. In respect of the remaining departments appropriation is being watched by the Heads of Departments/Chief Controlling Officers themselves. So the Treasuries have no role either to watch or control the expenditure incurred by these Departments. Now, it has been brought to the notice of Government that certain departments which are not within the purview of the above rule, are incurring expenditure over and above the budget provision violating the financial rules and regulations which will badly effect the finances of the State. This is a very serious situation warranting urgent corrective measures.

In the circumstances, the following instructions are issued for strict compliance.

(i) The Administrative Departments and the Heads of Departments will ensure that the budget provision/allotment is not exceeded under any circumstances without necessary orders from the Finance Department. To doubly ensure this all the drawing Officers of the Departments not listed under Rule 444 Kerala Treasury Code Vol. I will attach a certificate to each bill presented by him/her that the bill presented is within the budget provision allotted to him. This certificate will clearly show the name and designation of the Drawing Officer. This will be in addition to noting of budget provision in the relevant column of the bill. This certificate will be recorded on the bill itself.



(ii) The Treasury Officers shall not honour bills in the absence of the certificate.

(iii) Any Drawing Officer found to have exceeded the budget provision/allotment by issuing false certificates will be liable for disciplinary action. The amount drawn in excess of budget provision/allotment will be fixed as his personal liability and recovered from him as if it is arrears of revenue due to Government.

(iv) The Heads of Departments/Secretaries of Administrative Departments will endorse a copy of this Circular to each Drawing and Disbursing Officer and obtain his acknowledgement. While handing over/taking over charge by Drawing and Disbursing Officers, it will be deemed that the new Drawing and Disbursing Officer has taken over the responsibility under this Circular also.

(v) The instructions in Rule 444, Kerala Treasury Code Vol. I will be scrupulously followed by the Treasury Officers in respect of the 15 Departments listed therein.

SUDHA PILLAI,

*Principal Secretary (Finance).*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
All Principal Secretaries/Secretaries/Special Secretaries to Government.  
The Director of Treasuries, Thiruvananthapuram.  
All Heads of Departments.  
All Departments and Sections of the Government Secretariat.  
All Officers and Sections in the Finance Department.  
Stock file/Office copy.

## APPENDIX II

## GOVERNMENT OF KERALA

**Finance (Streamlining) Department**

## CIRCULAR

No. 94/2003/Fin.

*Dated, Thiruvananthapuram, 9th December, 2003.**Sub:—Appropriation Control—Instructions—Issued*

Instructions have been issued in the Circular No. 89/2003/Fin. Dated 17-11-2003 regarding the enforcement of Appropriation Control by the Departments. In the above circular the departments which are listed under Rule 444 of the Kerala Treasury Code Volume I were not required to record the certificate on the bills to the effect that the bill presented is within the budget provision/allotment. On a detailed review and considering the need for strict enforcement of Appropriation Control in all departments Government consider that the instructions issued in Circular No. 89/2003/Fin. dated 17-11-2003 is to be extended to all departments.

In the above circumstances it is further Instructed that the instructions issued in Circular No. 89/2003/Fin. dated 17-11-2003 will be applicable to all departments.

SUDHA PILLAI,

*Principal Secretary (Finance).*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
All Principal Secretaries/Secretaries/Special Secretaries to Government.  
The Director of Treasuries, Thiruvananthapuram.  
All Heads of Departments.  
All Departments and Sections of the Government Secretariat.  
All Officers and Sections in the Finance Department.  
Stock file/Office copy.

## APPENDIX III

## GOVERNMENT OF KERALA

**Finance (Streamlining) Department**

## CIRCULAR

No. 35/2004/Fin.

*Dated, Thiruvananthapuram, 8th June, 2004.*

*Sub:—Budgetary Control and Enforcement of Financial Discipline—  
Instructions—Issued*

- Ref:—1. Circular No. 89/2003/Fin. dated 17-11-2003.  
2. Circular No. 94/2003/Fin. dated 9-12-2003.*

As per the circulars cited, instructions have been issued for the enforcement of Appropriation Control by all the Departments. According to Rule 444(10) of the Kerala Treasury Code, Volume I disbursements relating to salaries, wages and pensions are exempted from the purview of the scheme stipulated in Rule 444 K.T.C. Volume I.

Now, it has been brought to the notice of the Government that a number of departments have incurred huge expenditure involving crores of rupees in excess of the available budget provision under 'salaries'. This tendency has to be curbed in the interest of the finances of the State Government so as to avoid the recurrence of such huge expenses.

In order to achieve the above and also for the enforcement of financial discipline and appropriation control under salaries, it is instructed that the present system of appropriation control should be made applicable in the case of expenditure under 'salaries' item also.

In case where the budget provision is found to be insufficient to meet the salary etc. of the officers and staff in position, the Heads of the Departments/ Administrative Departments will take up the issue of additional provision with Finance Department sufficiently early, in any case before 30th September.

The Finance Officers in the Heads of Departments/Officers will ensure the effective implementation of the above measures.

V. S. SENTHIL,

*Secretary (Finance Expenditure).*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
All Principal Secretaries/Secretaries/Special Secretaries to Government.  
The Director of Treasuries, Thiruvananthapuram.  
All Heads of Departments.  
All Departments and Sections of the Government Secretariat.  
All Officers and Sections in the Finance Department.  
Stock file/Office copy.

## APPENDIX IV

## GOVERNMENT OF KERALA

**Finance (Establishment-B) Department**

## CIRCULAR

No. 91/2003/Fin.

*Dated, Thiruvananthapuram, 1st December, 2003.*

*Sub:*—Financial Assistants and Finance Officers deputed from Finance Department to the various departments/Institutions—Duties and responsibilities compliance of—Instructions—Issued

*Ref:*— G.O. (P) No. 388/1992/Fin. dated 6-5-1992.

The Public Accounts Committee in its 55th Report has observed that the Officers deputed from Finance Department to the Various departments/Institutions, who are posted to deal with and look into the financial matters do not discharge their duties satisfactorily. The Committee has viewed that all the Financial matters should be thoroughly looked into by the respective Finance Officers and has urged Finance Department to give necessary instructions to Finance Officers who are deputed to various Administrative Departments to discharge their duties sincerely and effectively.

2. The duties and powers of Financial Assistants and Finance Officers in the Various Departments have been prescribed in the Government Order cited. However, all the Financial Assistants/Finance Officers who are deputed from Finance Department to the Various Departments/Institutions including the Officers in Kerala General Service are hereby directed to discharge their duties and responsibilities effectively, so as to avoid such lapses as mentioned by the Public Accounts Committee, in future.

R. SREEKUMARI DEVI,

*Joint Secretary (Finance).*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram/Thrissur.  
All Financial Assistants/Finance Officers.  
The Stock file/Office copy.

## APPENDIX V

## GOVERNMENT OF KERALA

**Finance (PAC) Department**

## CIRCULAR

No. 27/2004/Fin.

*Dated, Thiruvananthapuram, 7th May, 2004.*

*Sub:*—Clearance of pending excess Regularisation cases—Nomination of Officers for consolidation of notes

The Committee on Public Accounts (2001-2004) in its meeting held on 5-11-2003 expressed serious concern over the heavy back log in regularising excess expenditure which dates back to 1982-83. Consolidation of the notes in respect of Major Demands like Education, Art and Culture, Health and Family Welfare etc., where there are a number of Controlling Officers is a practical problem faced by those departments. It is seen that this is the main contributory factor for the delay in regularising excess expenditure.

It is therefore decided to constitute a team of Finance Officers of the Departments coming under such major grant, having more than one Controlling Officers, to work together to prepare and consolidate notes on excess expenditure. The list of Finance Officers of the Departments included in such grants is appended. The Finance Officers who is controlling the major portion of Head of Account under such grant will be the Convenor of the respective grant. The Convenor of the group will co-ordinate and collect the notes from other departments and consolidate them Demand-wise. The Head of Departments will furnish the same to the Administrative Department concerned for onward transmission to the Accountant General for vetting through Finance Department.

In other cases the Finance Officers of the Head of Department coming under the Demand will prepare and consolidate the notes for regularisation and forward the same to the concerned Administrative Department within the time limit specified in the Hand Book of instructions as soon as Appropriation Accounts are presented in Legislature.

Here after the relevant portion of Appropriation Accounts will be sent to the concerned Finance Officers directly to avoid delay. This procedure will come into force from the financial year 2004-2005 onwards. As far as pending cases of Excess regularisation cases the Finance Officers of the Major Departments coming under the Demand will initiate action to prepare and

consolidate the notes for regularisation as already instructed through D. O. Letters. List of Convenor of the Committee of Finance Officers under each Demnd is appended for reference.

V. S. SENTHIL,

*Secretary (Finance-Expenditure).*

To

The Accountant General (A&E) Kerala, Thiruvananthapuram.  
The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Finance Officers of all Departments.  
The Secretary, Legislature Secretariat.  
All Principal Secretaries/Secretaries.  
All Heads of Departments.

## ANNEXURE

<i>Demand No.</i>	<i>List of Chief Controlling Officers (Finance Officers)</i>	<i>Convenor for Consolidating notes</i>
(1)	(2)	(3)
V—Agricultural Income Tax and Sales Tax	Commissioner of Commercial Taxes Chief Electrical Inspector	Finance Officer, Commercial Taxes
XIV—Stationery, Printing and other Administrative Services	Controller of Stationery Director of Printing GAD (Services) Director, IMG Director, V&ACB Home (SSA) Commandent General, V&RS Director of State Lotteries	Finance Officer, Printing and Stationery
XVI—Pensions and Miscellaneous	Principal Secretary (Finance) Secretary, Rural Development Secretary, Taxes Secretary, Education Secretary, GAD (Social Welfare) Secretary, GAD (Services) Director of Treasuries Secretary, Home Secretary, Transport	Finance (Pension)
XVII—Education, Sports, Art and Culture	DPI Director, HSE Director, Collegiate Education Director, Technical Education DSYA Dy. Director General, NCC Secretary, CAD Secretary, Power Department	Finance Officer, DPI



(1)	(2)	(3)
XVIII—Medical and Public Health	Director of Health Services Director of Insurance Medical Services Director of Medical Education, DISM Director of Homoeopathy Director of Ayurveda Medical Education.	Health & Family Welfare (PS Department)
XXV—Social Welfare including Welfare of SC/ST and OBC	Director of SC's Development Commissioner of Rural Development Director, KIRTADS Registrar, Kerala State Commission for Backward Classes Director of Health Services Secretary, Labour and Rehabilitation Department Director of Social Welfare Land Revenue Commissioner Addl. Director General of Police (Prisons) Director of Insurance.	Finance Officer, Social Welfare Department.
XXVIII—Miscellaneous Economic Services	Director of Economics & Statistics Director of Panchayath Controller, Legal Metrology IG of Registration Secretary, Land Board Secretary, Agriculture Director and Ex-Officio Chairman, Kerala Council for Science, Technology and Environment. Secretary, Science, Technology and Environment Department Chief Engineer, B & LW	Planning & Economic Affairs (PS) Department.

---

(1)	(2)	(3)
XXI—Housing	Housing Commissioner Commissioner of Land Revenue Secretary, Planning & Economic Affairs Department Secretary, Housing Board Director, Sainik Welfare Registrar of Co-operative Societies	Finance Officer, Housing Department
XXIX—Agriculture	Director of Agriculture Planning & Economic Affairs Department Chief Engineer, Irrigation & Administration Director, Ground Water Commissioner, Kerala State Land Use Board Administrator, CADA Registrar, Kerala Agricultural University Registrar, Co-operative Societies	Finance Officer, Agriculture
XXX—Food	Director of Health Services Director of Social Services Director of Civil Supplies	Finance Officer, Food and Civil Supplies
XXXIII—Fisheries	Director of Fisheries CE, Harbour Engineering Department CE, PWD.	Finance Office, Fisheries

---

APPENDIX VI  
GOVERNMENT OF KERALA  
**Finance (PAC) Department**  
CIRCULAR

No. 18/2005/Fin.

*Dated, Thiruvananthapuram, 19th April, 2005.*

*Sub:—*Clearance of pending excess regularisation of excess expenditure—  
Regarding

As a means to clear the heavy backlog in regularising the excess expenditure of previous years, Circular No. 27/4/Fin. dated 7-5-2004 was issued, appointing convenors in various departments to collect and consolidate the notes demandwise and forward them to Finance Department for onward transmission to the Accountant General for vetting.

The Committee on Public Accounts (2001-04) in para 4 of its 70th report welcomed the positive approach of the Government Departments in taking efforts to clear the arrears of regularisation of excess expenditure over voted grants/charged appropriations and also urged the Government departments to expedite action to furnish notes on the remaining items of excess expenditure pending regularisation.

All the Heads of Department/Finance Officers, are directed to take immediate action to clear the pending regularisation cases and to report the action taken as per Circular No. 27/04/Fin. dated 7-5-2004 in respect of cases still pending including the latest Appropriation Accounts of 2003-04. The Finance Officers of the Major Department coming under each Demand and the concerned Administrative Department have to take the lead to collect and consolidate the notes for regularisation of excess indicating reasons for savings/excess under each unit of appropriation as shown in the Appropriation Account. A list of pending cases as on 31-3-2005 is enclosed for ready reference. The pending cases are to be cleared in all respects before 30-6-2005 and the notes sent to the Legislature Secretariat after duly vetted by Audit.

K. JOSE CYRIAC,  
*Principal Secretary (Finance).*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
All Principal Secretaries/Secretaries/Spl. Secretaries.  
All Additional Secretaries/Joint Secretaries/Deputy Secretaries.  
All Heads of Departments.  
All Finance Officers.  
The Secretary, Kerala Legislative Assembly (with C. L.).

APPENDIX VII  
GOVERNMENT OF KERALA  
**Finance (PAC) Department**  
CIRCULAR

No. 13/2005/Fin.

*Dated, Thiruvananthapuram, 4th March, 2005.*

*Sub:—*Convening of Audit Monitoring Committee Meetings and Apex Committee Meetings—Instructions—Issued

*Ref:—*Circular No. 5/2001/Fin. dated 24-1-2001 and appendices.

The Comptroller and Auditor General of India has brought to the notice of the Government, the poor response to Audit Paragraphs and performance reviews to be included in the Audit Reports. As suggested by the Comptroller and Auditor General of India, a meeting at the level of the Chief Secretary was held inviting the Principal Accountant General (Audit) also to discuss the progress achieved so far on Draft Audit Paragraphs.

2. At the meeting it was decided that the Audit Monitoring Committee should meet at least quarterly and the Apex Committee, at least twice a year for taking prompt action for clearing pending items on Public Accounts Committee and Public Undertakings Committee Recommendations, Audit Paragraphs, Draft Paragraphs, Inspection Reports, Excess Regularisation, etc. departments having large number of audit paragraphs, outstanding inspection reports etc., should meet more often, say every month. In such Apex Committee Meetings to be held, the Principal Accountant General should be included and invited for the meetings. The Audit Committees should be oriented towards strengthening controls in the interest of improving the quality of governance at the field level. The functioning of the Audit Committees should be evaluated in the meetings of the Audit Monitoring Committee and the Apex Committee.

3. The time limit fixed for sending the first reply to an Inspection Report is four weeks from the date of receipt of the Inspections Report. Non-adherence of this time schedule by the recipient departments results in some of the observations being developed as draft paragraphs. Instances of delay in sending replies in time to 'Statement of Facts' of Draft Paragraphs sent to the Heads of Departments/Secretaries of the Administrative Department have also been reported. Sending of replies in time to Inspection Reports/Statement of Facts/ Draft Paragraphs would help in clarifying and setting the issues raised by the Audit, before their inclusion in the Audit Reports. Hence the Audit Committees/

Audit Monitoring Committees should endeavour to reduce the delay in providing the first reply to Inspection Reports, Statement of facts and draft paragraphs.

4. It was also noticed that the Remedial Measures Taken on the Autographs included in the Audit Reports laid on the table of the State Legislature. Action taken Notes in the recommendation of the Public Accounts Committee notes, on excess were not being sent promptly to be Public Accounts Committee. All departments may take immediate and time found action to review all such cases and take appropriate action.

The instructions already issued as per the circular cited will stand modified to the above extent.

All Principal Secretaries/Secretaries to the Government are requested to comply with these instructions.

PALAT MOHANDAS,  
*Chief Secretary.*

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
All Principal Secretaries/Secretaries to Government.  
Stock file/Office copy.

---