

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

TWENTY FOURTH REPORT
(Presented on 12th June, 2018)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2018**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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

TWENTY FOURTH REPORT

On

**Action taken by Government on the Recommendations
contained in the 59th Report of the Committee
on Public Accounts (2014-2016)**

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COMMITTEE ON PUBLIC ACCOUNTS
(2016-2019)

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Smt. S. Shahina, Joint Secretary

Shri P. P. Shahnawas, Deputy Secretary

Shri A. Jafar Khan, 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 24th Report on Action taken by Government on the Recommendations contained in the 59th Report of the Committee on Public Accounts (2014-2016)

The Committee considered and finalised this Report at the meeting held on 7th June, 2018.

Thiruvananthapuram,
7th June, 2018.

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

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the 59th Report of the Committee on Public Accounts (2014-2016).

The 59th Report of the Committee on Public Accounts (2014-2016) was presented to the House on 9th July 2014. The Report contained 5 recommendations relating to Finance Department. Government was addressed on 15-7-2014 to furnish the statements of Action Taken on the recommendations contained in the Report and the final reply was received on 12-5-2016.

The Committee considered the Statements of Action Taken at its meetings held on 6-1-2016 and 5-7-2017. The Committee was not satisfied with the Action taken by Government on the recommendations contained in Para No. 12 & 13 and decided to pursue them further. Such recommendations of the Committee are included in Chapter-I 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. These recommendations and the Action Taken by Government are included in Chapter-II of this Report.

CHAPTER-I

Recommendations in respect of which action taken by Government is not satisfactory and which require reiteration

FINANCE DEPARTMENT

Recommendation

(Sl. No. 2, Para No. 12)

1.1 The Committee was informed that the amount towards SDF would be credited as per utilization and unutilized fund would be carried forward to next year's allocation. So it recommends that while calculating the unspent amount, the works for which Administrative Sanction was issued should also be taken into account. The Committee directs that District Collectors should take necessary

measures to issue Administrative Sanction for the work within one month of the proposal for the same received and also to conduct inspection soon after the completion of work so that fund could be released in time.

Action Taken

1.2 The Cabinet meeting dated 15-2-2016 has not approved to amend the guidelines of MLA-SDF as per the recommendations. But Government have already issued directions vide G.O. (P) No. 518/09/Fin. dated 20-1-2009 for issuing Administrative Sanction within one month on receipt of the proposal of works under MLA-SDF and also vide Circular No. 50/13/Fin. dated 4-6-2013, the District Finance Inspection Squads have been directed to conduct at least one inspection in a quarter on the implementation of the scheme under MLA-SDF.

Further Recommendation

1.3 The Committee recommends that strict measures should be taken to avoid the lapse of fund earmarked for SDF and ADF. It also recommended that the Government should issue strict directions to make sure that the SDF work awarded should be completed in a time bound manner in order to avoid cost escalation due to prolonged execution of work.

Recommendations

(Sl. No.3, Para No. 13)

1.4 The Committee observes that works permitted by finance Department against the prevailing guidelines under certain unavoidable circumstances lead to audit objection, since rules do not allow exemption. It suggests that certain works like road re-tarring, aid to educational institution etc. should be permitted under SDF with the prior permission of Finance Department. So the Committee decided to recommend that guidelines for the utilization of SDF should be modified so that re-tarring works of roads, aid to educational institutions etc. could be carried out under this head. The Committee directs the Finance Department to take necessary steps to provide detailed information to MLAs regarding the guidelines for utilization of SDF.

Action Taken

1.5 The Cabinet meeting dated 15-2-2016 has not approved to amend the guidelines of MLA-SDF as per the recommendations. But Government have given assistance to the Aided Educational Institutions along with Government Educational Institutions vide G.O. (P) No. 577/2013/Fin. dated 26-11-2013 for providing computer, computer equipments and equipments for smart class rooms and the construction of toilets and cooking sheds.

The Handbook for the guidelines of MLA-SDF with the latest amendments in this regard is under preparation.

Further Recommendation

1.6 The Committee recommends to incorporate provisions for the construction of Library, Laboratory, Computer Room, Auditorium, landscaping etc. in the Aided Schools under SDF, while amending the guidelines for MLA-SDF.

CHAPTER-II

Recommendations in respect of which the Committee do not desire to pursue further in the light of the replies furnished by the Government

Recommendation

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

2.1 Regarding diversion of ₹ 54.43 lakh from the fund earmarked for the treasury computerization the Committee remarks that fund provided for major works expended at the will of the implementing officers may lead to financial anarchy. It recommends that while implementing major projects like Treasury computerization, component-wise breakup of expenditure should be shown in the budget itself. The Committee also recommends that Finance Department is bound to maintain appropriation control and should be cautious in complying all the procedures before incurring expenditure.

Action Taken

2.2 As per Circular No. 75/2015/Fin. Dated 17-8-2015 (Annexure-I) instructions were issued to all Administrative Departments and Controlling Officers to prepare component-wise breakup of schemes with financial outlays in respect of major schemes before furnishing them to the State Planning Board for approval and allocation of funds. It is also instructed that while issuing sanction for schemes having various components, the allocation and activities to be taken up under each component of the scheme based on the plan outlay has to be specifically spelt out in the sanction order. At the time of drawal of funds, bills have to be checked invariably with sanction orders and also to ensure that sufficient budget provision is available for the scheme/component before effecting payment by the Treasury. Five-Year Fiscal Impact mechanism will be developed for planning and scheduling of expenditure of schemes as intended in G.O. (P) No. 400/2014/Fin. Dated 19-9-2014 (Annexure – II).

Recommendation

(Sl. No. 4, Para No. 14)

2.3 The Committee observes that the guidelines stipulate that annual report and its audited accounts of the institutions which are aided with SDF for construction of building should be submitted to the Government. It opines that it is meaningless to stick on to such conditions and recommends to remove such un-practical conditions from the guidelines.

Action Taken

2.4 The Cabinet meeting dated 15-2-2016 has not approved to amend the guidelines of MLA-SDF as per the recommendations.

Recommendation

(Sl. No. 5, Para No. 15)

2.5 The Committee views that as the term 'Asset' means not only buildings' but also the equipments and furniture, the term 'Assets' in the guidelines should be redefined. It opines that guideline should be revised with provisions for including the construction of staff quarters in Government institutions like hospitals,

providing facilities like drinking water, 'Kanhippura' and total sanitation in schools in a constituency irrespective of whether the institution is Government aided or Government owned. The Committee suggests that the opinion of the MLAs should be taken into account while revising the guideline. For this purpose the Finance Department should convene a meeting of the MLAs to obtain consensus of opinion.

Action Taken

2.6 As per G.O. (P) No. 577/2013/Fin. dated 26-11-2013, the Government have given permission for the construction of Cooking Sheds in Government and Aided Educational Institutions.

The opinion of the MLAs have been collected in this regard district wise through District Collectors. But the Cabinet meeting dated 15-2-2016 has not approved to amend the guidelines of MLA-SDF as per the recommendations.

Thiruvananthapuram,
7th June, 2018.

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

APPENDIX-I

Summary of Main Conclusions/Recommendations

Sl. No.	Para No.	Department Concerned	Conclusion/Recommendations
1	1.3	Finance Department	The Committee recommends that strict measures should be taken to avoid the lapse of fund ear marked for SDF and ADF. It also recommended that the Government should issue strict directions to make sure that the SDF work awarded should be completed in a time bound manner in order to avoid cost escalation due to prolonged execution of work.
2	1.6	Finance Department	The Committee recommends to incorporate provisions for the construction of Library, Laboratory, Computer Room, Auditorium, landscaping etc. in the Aided Schools under SDF, while amending the guidelines for MLA-SDF.

ANNEXURE I



GOVERNMENT OF KERALA
FINANCE (BUDGET WING-F) DEPARTMENT

No. 75/2015/Fin.

Dated, Thiruvananthapuram, 17th August 2015.

CIRCULAR

**Sub:—59th Report of the Committee on Public Accounts (2014-16)—
Recommendations in respect of Implementation of Major
Projects—Component-wise Break up of Expenditure—
Instructions—Issued.**

The Committee on Public Accounts (2014-16), in its 59th Report, has observed that funds provided for major works expended at the will of the implementing officers may lead to financial anarchy. While implementing major projects component-wise break up of expenditure should be shown in the budget itself. Finance Department is bound to maintain appropriation control and should be cautious in complying all the procedures before incurring expenditure.

2. In the circumstances, the following instructions are issued for strict compliance by all Administrative Department and Controlling Officers.

- Administrative Departments should prepare component-wise breakup of schemes with financial outlays in respect of major schemes, before furnishing it to the State Planning Board for approval and allocation of funds, thereby enabling Finance Department to provide the component-wise outlay of schemes in the Budget Estimates.
- State Planning Board shall furnish the component-wise outlays in respect of major plan schemes so as to carry

(P T O)

out the distribution of funds accordingly in the Budget Estimates.

- * While issuing sanction for schemes having various components, the allocation under each component of the scheme based on the plan outlay has to be specifically spelt out in the sanction order issued by the Administrative Department.
- * Activities to be taken up under each component with financial/physical targets to be achieved for each year of implementation have to be specified clearly in the Order.
- * At the time of drawal of funds, bills have to be checked invariably with sanction orders and also to ensure that sufficient budget provision is available for the scheme/ component before effecting payment by the Treasury.
- * Five Year Fiscal impact mechanism will be developed for planning and scheduling of expenditure schemes as intended in G. O. (P) No. 400/2014/Fin dated 19-9-2014.
- * Any lapse in this regard would be viewed very seriously.

B. SRINIVAS,

Secretary (Finance-Resources).

To

- The Principal Accountant General (A & E), Kerala, Thiruvananthapuram.
- The Principal Accountant General (G & SSA), Kerala, Thiruvananthapuram.
- The Accountant General (E & RSA), Kerala, Thiruvananthapuram.
- The Additional Chief Secretaries / Principal Secretaries / Special Secretaries to Government.

All Heads of Departments and Officers.

All District Collectors.

The Secretary, Kerala Public Service Commission,
Thiruvananthapuram (with C.L.).

The Registrar, High Court of Kerala, Ernakulam (with C.L.).

The Registrar, Kerala Lok-Ayukta, Thiruvananthapuram.

The Advocate General, Kerala Ernakulam (with C.L.).

The Secretary to Governor of Kerala.

The Officers of Government Secretariat of and above the rank of
Under Secretaries (including Law and Legislature Secretariat).

The Additional Secretary to Chief Secretary.

All Departments (all Sections) of the Secretariat including Law
and Legislature.

The Director, Information & Public Relations Department.

The Nodal Officer, www.finance.kerala.gov.in

The Stock File / Office Copy.

ANNEXURE II



GOVERNMENT OF KERALA

Abstract

Ways and Means Position of the State – Enforcement of additional economy measures and measures for revenue realization - Orders issued.

FINANCE (SS) DEPARTMENT

G.O. (P) No. 400/2014/Fin.

Dated, Thiruvananthapuram, 19.09.2014.

ORDER

As part of fiscal consolidation efforts, Government order enforcement of the following economy measures for control of non-development expenditure and for enhancing revenue realization, for strict compliance with immediate effect.

1. No proposal for creation of posts should be taken up till March 31, 2015 unless they are part of
 - i. CSS or GOI/GOI Agency funded scheme or Externally Aided Project (EAP).
 - ii. Mandatorily required under any National or State Legislation
2. No new institutions or agencies should be set up during the current financial year till March 31, 2015 unless they fall under the categories (i) & (ii) in para 1 above.
3. Where post creation is unavoidable, it should be done only after examination by the following two Committees.
 - i. The Administrative Department furnishing the post creation proposal should furnish a manpower statement in the prescribed format.
 - ii. This format will be scrutinised rigorously by a committee consisting of Secretary (Finance Expenditure), a representative of P&ARD, a representative of the Administrative Department and the Head of Department to identify scope for redeployment or abolition of redundant posts.
 - iii. If the proposal is recommended by the above Committee, the same will further be examined by another Committee consisting of the Additional Chief Secretary (Finance), Additional Chief Secretary (P&ARD) and the Secretary of the Administrative Department before the proposal is placed before the Council of Ministers for creation of posts.

- to. No proposal for post creation may be placed before the Council of Ministers without the above exercise of staff rationalisation.
4. Thirty Thousand temporary posts have been identified as surplus in Government. 25% of these temporary posts should be abolished in 2014-2015.
 6. To rationalize expenditure, Finance Department will prescribe formats in electronic form (EXCEL sheets) that have to be filled up to enable the Finance Department to assess the total financial commitments over a five year period that Government will have to bear, if any expenditure sanction is given.
 6. The format required for this will be made available on the website of Finance Department. This format has to be mailed to a designated email address with the File Number of the Administrative Department for any expenditure sanction. These excel sheet formats should be filled up for any scheme or proposals including those presented before the Working Group and Special Working Groups.
 7. Any expenditure proposal with a total financial impact on the Revenue Account of more than Rs 30 crore over five years will be critically examined in a Committee consisting of the concerned Secretary of the Administrative Department and the Secretary (Finance - Expenditure) before approval.
 8. As a measure to control Revenue Deficit, transfers of unspent balances in any Head of Account will not be allowed in the last two months (February and March 2015) of the Year.
 9. Finance Department will hold special workshops to sanction clearances required on files in the month of October, 2014. All pending files for expenditure sanction will be disposed of during these workshops. No new sanctions will be issued after November 15, 2014 for the current year.
 10. Administrative Departments should revise the Administrative Sanctions (given by them or at the level of HOD) to take up only works for which actual expenditure can be made during the course of the year.
 11. A new system of electronically recording the unallocated amounts (that will be foregone on account of not permitting transfers) in an electronic account. Expenditure sanction against such resumed balances will be given against a budget head to be specially opened for this in the Annual Budget 2015-2016.
 12. The Plan Expenditure of LSGs is currently released from the Revenue Account and parked in the Public Account thereby contributing to the Revenue Deficit of the State.
 13. To control revenue deficit on account of LSG expenditure, LSGs will be allowed to incur expenditure only against a new revenue account and not from the Public Account as is presently being done.

14. This new system can be extended to other local authorities like Universities etc. for regulating Plan Expenditure.

By Order of the Governor,
Dr. K. M. ABRAHAM,
 Additional Chief Secretary (Finance).

To

The Principal Accountant General (A & E), Kerala, Thiruvananthapuram.
 The Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram.
 The Accountant General (E&RSA), Kerala, Thiruvananthapuram.
 All Heads of Departments and Offices.
 All Departments (all Sections) of the Secretariat including Law Department
 The Director of Treasuries, Thiruvananthapuram
 The Secretary, Kerala Public Service Commission, Thiruvananthapuram
 (with C.L.).
 The Secretary, Kerala State Electricity Board, Thiruvananthapuram (with
 C.L.).
 The Managing Director, K S R T C, Thiruvananthapuram (with C.L.).
 The Registrar, High Court of Kerala, Ernakulam (with C.L.)
 The Registrar, University of Kerala/ Cochin/ Calicut/ Mahatma Gandhi/
 Kannur/ Kerala Agricultural University/ Sree Sankaracharya Sanskrit
 University (with C.L.).
 The Advocate General, Kerala, Ernakulam (with C.L.)
 All Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries
 and Under Secretaries to Government.
 The Secretary to Governor.
 The Private Secretaries to Chief Minister and other Ministers, Government
 Chief Whip and Leader of Opposition.
 The Private Secretary to Speaker/Deputy Speaker.
 The Director of Public Relations, Thiruvananthapuram
 The Additional Secretary to Chief Secretary.
 The General Administration (SC) Department (vide Item No. 5766 of the
 proceedings dated 17.09.2014 of the Council of Ministers).
 The Managing Directors/General Managers of all Government Companies/
 Boards/ Corporations/ Autonomous Bodies.
 Nodal Officer, www.finance.kerala.gov.in
 The Stock File/Office Copy.

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