

NAD-AC/A. 16.

# APPENDIX 16

TO THE

# AUDIT CODE

Instructions for the preparation of Appropriation Accounts and  
the Report of the Audit Officer thereon.

SECOND EDITION.

(Revised.)



DELHI:  
MANAGER OF PUBLICATIONS  
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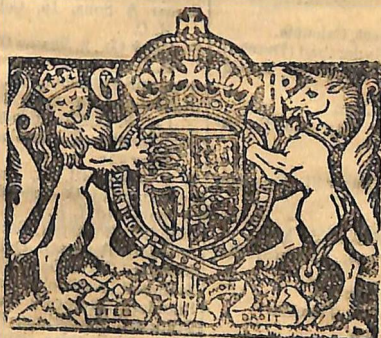
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## APPENDIX 16.

# Instructions for the Preparation of Appropriation Accounts and the Report of the Audit Officer thereon.

## PART I.

### INTRODUCTORY.

#### Nature of Reports to be prepared.

1. Under rules 15 and 25 (2) of the Auditor General's Rules, the Auditor General is required to obtain annually certain Appropriation Accounts together with the reports of audit officers upon them and upon the results of the audit which has been applied to them. These documents are the same to which reference is made in rule 33 of the Provincial Legislative Rules and rule 51 of the Indian Legislative Rules. They are intended for submission to the Committee on Public Accounts, and are considered both by the Executive Government and by that Committee.

2. These accounts and reports deal with the financial year ending on the 31st March. There are separate reports on the financial transactions of each of the provincial Governments ; as well as of each of the three principal spending departments of the central Government, the Army, Railway and Posts and Telegraphs Departments. The transactions of the remaining departments of the Government of India are considered in a single compilation.

NOTE.—For convenience of reference, the term "Appropriation Accounts and Report" will be used in this Appendix to denote the Appropriation Accounts and the Report of the Audit Officer thereon.

#### Extent of Application of these Instructions.

3. Except where the contrary is specifically provided or appears from the context, the general instructions contained in this volume apply to all officers who prepare Appropriation Accounts and Reports. On the other hand, the detailed instructions regarding the form and arrangement of Appropriation Accounts and Report given in the Annexure to this Appendix and paragraphs 39 *et seq* below are primarily intended to apply to the preparation of provincial Appropriation Accounts and Reports. They should however be applied, as far as they can be applied, in the preparation of central Appropriation Accounts and Reports also. Special instructions relating to the Appropriation Accounts and Reports of the Railway and Army Departments are given in the Manuals of the audit officers concerned.

#### Responsibility for Preparation.

4. In certain cases, owing to the separation of accounts from audit, the duty of preparing Appropriation Accounts has been entrusted to



officers other than audit officers. It is for the audit officer concerned to submit the Report upon these accounts. In all other cases, the Appropriation Accounts and Report are prepared by the Accountant General concerned.

NOTE.—In case of doubt as to the particular Appropriation Report in which a financial irregularity should be mentioned, the deciding factor should be the source from which the funds irregularly applied were provided. The report should be made to the legislature or Government which actually provided the money.

5. The Accountant General, Central Revenues, prepares a consolidated report upon the entire civil expenditure of the central Government, much of which is not brought to account finally on his books or submitted to his audit. To enable him to do so, all other civil Accountants General and Directors of Audit and the Controllers of Military Accounts must supply him with formal reports concerning the central civil expenditure with which they have dealt. The Accountant General, Central Revenues, is authorised to edit such material before including it in his report, and if he considers this to be desirable to omit any portion of it. If he makes any material modification in the paragraphs to be included in his report which have already been shown by other audit authorities to the responsible administrative authorities (see paragraph 22) the latter should be apprised of all changes effected.

NOTE.—Where the report so forwarded was originally prepared by audit officers subordinate to the officer who forwards the report, the latter officer is expected to edit it and to take the entire responsibility for its contents.

6. The dates for submission of the material mentioned in paragraph 5 will be settled in consultation between the supplying officer and the receiving officer, as the latter is responsible for the punctual issue of his Reports. The material should be supplied in duplicate, but should not be printed. One side only of the paper should be used, so that one entire copy may be placed on record for future reference when the other has been cut and pasted as may be convenient.

7. In respect of expenditure incurred in England by the Secretary of State and the High Commissioner for India, the Appropriation Accounts are compiled by the accounting officers in the United Kingdom, and the Reports upon them by the Auditor at the India Office. The Auditor is responsible for appropriation audit to the extent described in paragraph 44 of the Annexure, and for this purpose is supplied by the Government concerned with all orders sanctioning expenditure, and with particulars of re-appropriations and of all conditions specifically imposed by the Standing Finance Committee in accepting proposals for expenditure or by the legislature in voting grants.

#### General Instructions as to Preparation.

8. (a) The Appropriation Accounts and Report are documents of considerable importance, and should invariably receive the personal attention of the Accountant General or the audit officer responsible for their preparation, who must himself sign them. Adequate measures must be taken to ensure the accuracy of the information which they contain, and the English in which they are written should be above reproach. It is most undesirable that the Auditor General should be driven to pass adverse criticisms on the Report itself when forwarding it to the executive Government.



(b) Every endeavour should be made to convey through the report a just, impartial and yet sympathetic picture of the financial administration, and to avoid expressions suggesting a political opinion or bias. To the Government concerned, the report will shew the extent to which its subordinate officers are complying with its rules and orders, and will often suggest directions in which those rules and orders can with advantage be amplified or modified. To the tax payer, it will exhibit the degree to which the Government is complying with the expressed views of the legislature in matters of importance. To the Secretary of State, as to the Governments in India, it will reveal the extent to which his orders are obeyed ; and will, at the same time, shed a useful light upon the working of the reformed constitution in India. It should be borne particularly in mind that the control exercised by the legislature over the financial operations of the Government concerned must depend largely, for effective results, upon the help rendered by the writers of these reports.

9. The Appropriation Accounts and Reports should be self-contained in respect of all matters with which they deal. If it is absolutely necessary to refer to any correspondence with the Auditor General or with the executive Government, the subject matter of the correspondence should be summarised, as briefly as is compatible with clear exposition. Similarly, if it is necessary to refer to the infringement of any rule, whether statutory or not, the gist of the rule should be concisely summarised. All details necessary for the understanding of each irregularity should be briefly given, including—

- (1) an explanation of the transaction ;
- (2) a description of the nature and magnitude of the irregularity ;
- (3) any extenuating circumstances that may exist ;
- (4) the defect, if any, in the system which led up to the irregularity ;
- (5) the remedial or preventive measures adopted ; and
- (6) the adequacy of those measures.

NOTE.—In mentioning cases relating to financial irregularities it should be borne in mind that it is of more value to drive home a general lesson than merely to mention a particular irregularity.

10. The reports and other material prescribed in paragraph 5 above should be very carefully prepared and should be signed by the officers preparing them. The responsibility for the accuracy of the facts and figures which they contain will devolve upon the officers furnishing them and not upon the officers entrusted with their compilation. To secure uniformity, they should be prepared in such form as may from time to time be indicated by the compiling officer ; who is authorised, subject to the general tenor of the rules in this Appendix, to issue subsidiary instructions to the compiling officers.

11. In actual practice, all officers preparing material for the Appropriation Report should, as far as possible, prepare important comments during the course of the year, as each case becomes ripe for treatment ; and all comments should be taken in hand as soon as the



final figures for March have been included in the accounts. This will prevent congestion of work at a late stage and will thus assist punctual submission. Comments prepared in advance should be carefully edited before the final signature is appended to them.

**NOTE.**—Steps should invariably be taken betimes to secure any explanations of departmental authorities which are found to be necessary.

12. The Appropriation Accounts of expenditure in the United Kingdom, described in paragraph 7 above, will be received by the audit officers concerned, who will incorporate them, with the explanations which they contain, in the Accounts prepared in India. If the heads of account on which the Secretary of State in Council and the High Commissioner operate are so different from those employed in the Indian accounts as to make it impossible to include both English and Indian expenditure in a single statement, the former should be shewn in a separate statement placed immediately below that which records the Indian outlay.

13. When an audit officer has completed and signed his Report on the Appropriation Accounts, he should forward the Accounts and Report to the Auditor General with a covering letter in which he will mention points in his Report which he considers to be the most important. No discussion of these points in the letter is necessary but the audit officer will furnish in it such further information on any subjects included in the Report which it was impossible to incorporate in the Report and which in his opinion may be usefully employed by the Auditor General in framing his comments on the Report to the local Government.

14. (a) Printed copies of the Appropriation Accounts and Report in final form should be submitted to the Auditor General in time to reach him on or before the following dates in the financial year after that to which the accounts relate—

Report of the Director of Railway Audit on the Appropriation Accounts of Railways in India . . . . .	April 15th.
Appropriation Accounts of Railways in India prepared by the Financial Commissioner, Railways . . . . .	April 15th.
Report of the Accountant General, Central Revenues, and the Director of Army Audit's Report on the Army Appropriation Accounts . . . . .	March 31st.
Report of the Accountant General, Posts and Telegraphs, and the Appropriation Accounts of Army expenditure . . . . .	March 1st.
All other reports . . . . .	February 15th.

Two proof copies of each Report in its final form should, however, reach the Auditor General one month earlier than the relevant date specified above, except that proof copies of the Report of the Accountant General, Central Revenues, should reach the Auditor General on the 7th March.



Proof copies of the Commercial Appendix to the Central Government (Civil) Appropriation Report need not however be sent to the Auditor General.

NOTE 1.—The audit officer responsible for the preparation of the Report on the Appropriation Accounts of a provincial Government should ascertain from the Government concerned, as definitely as possible, the time when that Government will have the Accounts and the Report examined by the Committee on Public Accounts of the Province and should communicate this information to the Auditor General when forwarding the Appropriation Accounts and the Report in final form to that officer. If, for any special reasons, the due date for the submission of the Report to the Auditor General cannot be observed, the required information should be furnished to that officer separately, so as to reach him on the due date for the submission of the Report in the final form.

NOTE 2.—When submitting to the Auditor General the final copies of the Report on Appropriation Accounts of a provincial Government for a particular year, the Principal Auditor concerned should send with them a copy of the Revised Estimates of the following year and of the Budget together with a copy of the Budget Speech of the Finance Member of Government for the year succeeding that. If for any reason simultaneous despatch is impossible, the Revised Estimates and the Budget as presented to the Legislative Council should be sent as soon afterwards as possible.

(b) It will be found that there will ordinarily be an appreciable interval between the time at which it is possible for the compiling or reporting officer to complete a preliminary draft and the date on which the few adjustments communicated by the Auditor General on journal entries can be incorporated in the Appropriation Accounts. This interval should be utilised for a thorough check of the explanations given in the explanatory notes.

NOTE.—Correction slips should not be issued for errors and misprints discovered in the Appropriation Accounts and Reports after their scrutiny by the Committee on Public Accounts, unless the mistakes are important.

#### **Procedure on Receipt of the Reports in the office of the Auditor General.**

15. The Appropriation Accounts and Reports of central transactions are transmitted by the Auditor General, with his comments, to the Governor General in Council, and those of provincial transactions to the Finance Department of the Government concerned. The Reports of the Auditor of Indian Home Accounts on the accounts of the High Commissioner and Secretary of State are similarly transmitted. It is for the Finance Department concerned to place these documents before the Committee on Public Accounts as required by the Legislative Rules. The Auditor General subsequently forwards to the Governor General in Council, for transmission to the Secretary of State in Council, three copies of each report, with the comments which he has made on it, and any general comments which he desires to offer upon the Reports as a whole or upon any question arising out of them.



## PART II.

DETAILED INSTRUCTIONS FOR THE PREPARATION OF THE  
APPROPRIATION ACCOUNTS AND REPORT.

## Title of the Compilation.

16. The compilation should be described on its title-page as the "Appropriation Accounts of the <sup>Government</sup> <sub>Department</sub> of \_\_\_\_\_ for the year 19 -19 and the Report of the ' (here enter the designation of the reporting officer) ' thereon". The name of the reporting officer should appear on the title-page ; and, if he be other than the officer responsible for the compilation of the accounts, the name of the latter also.

## Object of the Appropriation Report.

17. The object of the Report is to present the audited accounts of expenditure from all the voted grants and non-voted appropriations of the year, with full explanations of all important variations between grant or appropriation and expenditure, and with such comments as the results of audit scrutiny shew to be desirable.

## General Principles on which Audit comments should be framed.

18. *General.*—In drafting audit comments, it should be borne in mind that the Report is intended to assist the Committee on Public Accounts in the discharge of its statutory functions, and that the most important of these functions is to see that expenditure has been incurred " within the scope of the demand voted by the legislature " and not upon any " new service " not contemplated by the budget or by a supplementary estimate. The Committee is further entitled to express opinions upon the conduct of administrative departments in respect of their accounts and upon decisions of the Finance Department affecting the latter, and to criticise improper and wasteful expenditure or unwise methods of financial administration.

19. In order adequately to fulfil these functions, the Committee must necessarily rely upon the assistance of the reporting officer, who must invite its attention to all unusual features and important irregularities. Having decided what matters should be brought to the Committee's notice, he must set forth carefully all the relevant facts, explaining the obvious inferences to be drawn from them and the points which appear to require examination, in such a way as to enable the Committee to reach a conclusion on each subject or to determine the nature of any further investigation which may be necessary.

20. In view of the requirements of the Committee on Public Accounts, it is clear that the audit comments incorporated in the Appropriation Report should not be confined to points arising out of audit against appropriation. They should embrace all important irregularities detected in audit ; whether they be deficiencies of sanction discovered in sanction audit ; failures to enforce or respect prescribed rules and procedure



brought to light in expenditure audit ; offences against the canons of financial propriety observed in higher audit ; or any other class of irregularity.

NOTE.—Where accounts are compiled by an authority other than the audit officer, irregularities may be either discovered or pursued by either the accounts or the audit staff. All important irregularities should be mentioned in the Appropriation Report, whatever the agency which discovered and pursued them ; but the part played by the accounts staff in this connection should be clearly explained in the Report.

21. *Selection of subjects for comment.*—In selecting cases for audit comment, the following general limitations should be borne in mind :—

- (a) Comments should be confined to such matters as should be of real and practical concern to a Committee on Public Accounts acting with a due sense of its responsibility to the tax payer. Individual cases should not be mentioned unless they are really important as involving serious transgression of rules or orders leading, or likely to lead, to loss of public money or serious breaches of audit procedure or safeguards. Petty cases may, however, be mentioned if minor irregularities of one class are so numerous as to produce an appreciable cumulative effect.
- (b) Unless in any province there be a local convention to the contrary, cases requiring the orders of Government should not form the subject of comment until the Government has had a reasonable opportunity of dealing with them. This rule need not, however, be observed in a case of such importance that it would seem desirable to bring it at once to the notice of the Committee on Public Accounts ; while unconscionable delay on the part of Government in dealing with an important case should itself be reported for the information of the Committee.

NOTE.—If the departmental investigation into cases selected for mention in the Report has not been completed, information to that effect should be given in the Report, by means of a note or otherwise.

- (c) Cases which are *sub judice* should not be mentioned in such a way as to prejudice the claim or defence in court. This rule applies to cases actually decided in a lower court until such time as the department concerned intimates that the litigation is finally concluded.

#### **General procedure for dealing with irregularities, etc., to be included in the Report.**

22. The following procedure has been prescribed for dealing with irregularities occurring in the circumstances described in the two main sub-sections of this paragraph.

(A) In cases in which accounts are not separated from audit :—

- (1) (i) The report on an irregularity connected with a provincial subject should be submitted in the first instance to the appropriate department of the local Government concerned. If the action taken by that department is not considered adequate a report should at once be made to the



Finance Department. If the local Government so direct, a report to the latter department may be made simultaneously with the original report to the administrative department.

(ii) In handling reports on irregularities connected with central subjects, the accounts of which come under his audit, the Accountant General, Central Revenues, should adopt the following procedure :—

(a) If the subject is administered directly by a department of the Government of India, he should act on the lines laid down at clause (i) above.

(b) If the subject is administered through a minor local Government he should address his first report to that Government and also send a copy simultaneously to the administrative department of the Government of India.

NOTE.—The procedure prescribed for the Accountant General, Central Revenues, should also be adopted by the Accountant General, Posts and Telegraphs, and by the audit officers other than the provincial Accountants General who have to furnish material to the Accountant General, Central Revenues, for the preparation of the Report prepared by him.

(iii) In the case of Central subjects the accounts of which are audited by a provincial Accountant General the procedure adopted for these reports should be as follows :—

(a) If the subject is administered directly by a department of the Government of India, irregularities connected with it should be reported to that department as well as to the Finance Department of the central Government, and the former will inform the latter of the action taken.

(b) If the subject is administered by a provincial Government as the Agent of the Government of India, irregularities should be reported simultaneously to the department of the provincial Government entrusted with the administration, to the Finance Department of that Government and to the Finance Department of the Government of India. The cases which form the subject of such reports should be described as having been registered provisionally for comment in the next Appropriation Report.

(2) In respect of such cases, *i.e.*, cases likely to be mentioned in the audit officer's report on appropriation accounts or in the notes appended to the appropriation accounts themselves, draft paragraphs should be prepared during the course of the year as soon as the necessary preliminary investigation of the case has been completed or reaches an advanced stage, and a copy of the draft paragraph should be supplied at once to the same authorities to whom the reports under clause (1) above were addressed for consideration and comments. If the Finance Department of a Government so desires a copy of all such draft paragraphs may be sent to that department.



- (3) Similarly, after comments from the administrative authorities and the Finance Department have been received the final draft of the paragraph for the appropriation accounts or the audit officer's report thereon should be prepared without waiting for the compilation of the appropriation accounts or the report, and copies should be supplied to the same authorities.

(B) In cases in which accounts have been separated from audit :—

The same procedure as at (A) above should be observed with the following modifications :—

- (1) The statutory audit staff should send their reports and draft paragraphs to the accounts authorities, and it would be for the latter to take such action as may be called for and to make the necessary reports to the administrative authorities and the Finance Department. The Accounting officers would be required to initiate and continue a corresponding procedure in so far as it provides for making the necessary reports to administrative authorities and the Finance Department in respect of irregularities and other matters of importance detected by themselves in the course of their internal check.
- (2) If the administrative authorities concerned and the Finance Department desire that the statutory audit staff should send to them copies of the reports and the draft paragraphs at the same time as these are sent to the accounts authorities, the statutory audit staff should arrange for this.
- (3) The accounts authorities and the statutory audit staff will be responsible between them for examining the draft paragraphs prepared by the statutory audit staff, with the object of ensuring that, when the paragraphs ultimately appear in the appropriation accounts and the report thereon, they may be free from discrepancy on any point of fact and free also from any other defect requiring further investigation on the part of the Committee on Public Accounts.

#### Principal types of irregularity.

23. The following are among the principal types of irregularity which should, subject to the provisions of paragraph 21, form the subject of audit comment in the Report. The list is not intended to be exhaustive : it is within the discretion of the reporting officer to comment on other matters when this appears to him to be desirable.

- (a) Any case on which a report to the Committee on Public Accounts is required under either of the provisos to rule 14 of the Auditor General's Rules.
- (b) Any excess over a grant voted by the legislature or over an appropriation sanctioned by the Finance Department.
- (c) Any re-appropriation from or to a grant voted by the legislature.



- (d) Any re-appropriation within a voted grant which must be brought to the notice of the Committee under rule 52 of the Indian Legislative Rules or rule 34 of the Provincial Legislative Rules, or which involves either substantial deviation from the intention with which the grant was voted or gravely faulty administration of the grant.
- (e) Any re-appropriation which has the effect of increasing the expenditure on an item the provision for which has been specially reduced by a vote of the legislature.
- NOTE 1.—A list of such reductions should be maintained by the reporting officer.
- NOTE 2.—Excess expenditure on a voted item of this kind, even though covered by re-appropriation, cannot constitutionally be rectified by an excess vote.
- (f) Any expenditure on a "new service" which, though properly votable, has not formed the subject of a vote of the legislature.
- NOTE 1.—In the absence of an authoritative definition of the term "new service", the reporting officer should be guided by such case-law as may have been evolved by the Committee on Public Accounts concerned; and in doubtful cases he should take the orders of the Auditor General.
- NOTE 2.—Cases which involve expenditure on "new service" pertaining to the central Government should not be included in the audit officer's Report on Appropriation Accounts. Full details of such cases, together with full statement of the views of the Executive with, if necessary, a copy of the relevant correspondence, should be submitted to the Auditor General, as soon as possible, who will submit a consolidated memorandum to the Central Public Accounts Committee.
- (g) If the Finance Department has so required or agreed, any expenditure on an object disapproved by the legislature or the Finance Committee or requiring, but incurred without obtaining, the approval of the latter.
- NOTE.—In the case of the central Government the Finance Department will keep the audit officer informed of all such cases.
- (h) Any important expenditure incurred without necessary sanction.
- (i) Any important expenditure unsupported by necessary vouchers.
- (j) Any expenditure which, though correctly classified in the general accounts, is, owing to the absence of a suitable sub-head in the appropriation accounts, not suitably classified in the latter.
- NOTE.—It is improper to record such expenditure under a suspense head in the general accounts or otherwise to keep it outside the appropriation accounts.
- (k) Any instance of budget provision made under a sub-head other than that to which the expenditure is correctly debitable.



- (l) Any large claim against a foreign Government, Indian State, local body or other outside party which has been outstanding for an unduly long time.

NOTE.—In commenting on such a claim, the reporting officer may, if he thinks fit, raise the question of the desirability of charging interest or penal interest, as the case may be.

- (m) Any irregularity connected with a contract, such as—
- (i) Placing of a contract without obtaining competitive tenders in an open and public manner.
  - (ii) Acceptance, without adequate reason, of a tender other than the lowest.

NOTE.—The Audit Officer, when bringing to notice such cases should also indicate the percentage which these cases bear to the total number of cases investigated by Audit.

- (iii) Inadequate scrutiny of tendered rates before acceptance.
- (iv) Unsuitability of form of contract.
- (v) Failure to complete all necessary formalities connected with a contract, including the obtaining of expenditure sanction, before permitting the contractor to start work.
- (vi) Deviation from contract terms in favour of the contractor.

NOTE.—Any considerable payment to a contractor outside the terms of his contract, if not covered by a supplementary contract, should form the subject of comment.

- (vii) Other omissions to enforce conditions of a contract ; such as those which require the deposit of security for its due fulfilment or the payment of penalty for failure to fulfil it.

- (n) Any irregularity connected with purchases, such as—
- (i) Purchases which contravene the rules for the supply of articles for the public service.
  - (ii) Purchases largely in excess of requirements.
  - (iii) Purchases of materials of inferior quality.

NOTE.—Where purchases involve contracts, sub-paragraph (m) above is applicable.

- (o) (i) Any appreciable loss of Government money or property, whether or not it be recorded as expenditure in the Appropriation Accounts.
- (ii) Any extraordinary or apparently unnecessary expenditure, such as—
- (1) Payments made as acts of grace.
  - (2) Compensation paid for damage sustained.
  - (3) Payments in excess of amounts admissible under statute, contract or rule.
  - (4) Payments necessitated by failure to enforce the terms of a contract.



- (5) Irrecoverable balances of advance payments made on account of services, etc., which were ultimately not rendered.
- (iii) Any uneconomical or apparently wasteful expenditure due to—
  - (1) The inception of works without adequate investigation of their utility or feasibility.
  - (2) The execution of works by a Government agency which lacks the ability or the facilities to execute them properly.
  - (3) The unsatisfactory working of Government commercial undertakings.
  - (4) The fixation of the rents of residential buildings.
  - (5) Other similar causes.

NOTE 1.—A marked tendency of losses, extraordinary or uneconomical payments or claims to compensation to increase should form the subject of comment.

NOTE 2.—Where losses or deficiencies are recorded in the initial accounts, they will automatically appear in the Appropriation Accounts also.

Where losses or deficiencies are not recorded in the initial accounts, they should, if important, be mentioned in the notes under the Appropriation Accounts; provided that individual cases of losses under the main revenue heads shall not be mentioned in those notes unless the list of extra-statutory remissions and abandonments of claims to revenue which is submitted to the audit officer (*vide* Article 29-A of Civil Account Code, Volume I) suggests the desirability of offering general remarks on the subject.

*Substitute  
the  
following*

In the case of losses of stores, the test of importance should be the net value after crediting any sums recovered, and not the gross value of the stores lost. Small losses by fire, or in transit, or in other circumstances beyond the control of any responsible person need not be mentioned in the account; but a heavy loss will probably lead to an increased charge and consequently a note explaining the charge may become necessary.

*Substitute  
the  
following*

All important cases of remissions and abandonments of claims to revenue in the Railways, Posts and Telegraphs and the Indian Stores Departments above a certain fairly high monetary limit to be fixed by administrative authority should be mentioned individually in the report on Appropriation Accounts.

- (p) Any appreciable expenditure on a deposit work in excess of the funds deposited against it.
- (q) Any irregularity in connection with the drawal and disbursement of money, designed to bring expenditure into closer accord with appropriations, such as—
  - (i) Drawal of money in advance of requirements, particularly towards the close of a financial year.
  - (ii) Postponement of payments which are due and fully matured.
- (r) Any irregularity connected with a grant-in-aid, such as neglect
  - (i) by the sanctioning authority of conditions precedent to the grant or
  - (ii) by the grantee of the conditions, expressed



No. 59.

Page 12, paragraph 23 (o)—Note 2—

Substitute the following for the first and second paragraphs of this Note :—

“ All losses or deficiencies of an important or unusual character relating to the particular Appropriation Accounts should be mentioned in the notes at the end of the Appropriation Accounts, irrespective of whether the loss or deficiency is actually charged off in those Accounts or not ; provided that individual cases of losses under the main revenue heads shall not be mentioned in those notes unless the statements of remissions and abandonments of claims to revenue which are submitted to the audit officer (*vide* Article 29-A of Civil Account Code, Volume I) suggest the desirability of offering general remarks on the subject. ”

[Appendix 16 to Audit Code, 2nd Edition (Revised), No. 59, dated the 1st June 1937.)



or implied, attached to the grant by the sanctioning authority. Rules for the audit of grants-in-aid are contained in Chapter 11-A of the Audit Code, Volume I.

NOTE.—If a Standing Finance Committee has agreed that a grant-in-aid should be given on certain conditions, any modification of those conditions by Government constitutes an irregularity which, if it cannot be otherwise regularised, should be brought to notice in the Appropriation Report.

- (s) Any negligence, bad faith or fraud in a money transaction, or in the disposal of stores or other property previously charged off in the accounts.
- (t) Any irregularity connected with accounts, such as—
  - (i) Manipulation of accounts.
  - (ii) Mis-statement of facts either on initial or compiled accounts or on certificates submitted in support of accounts or in reply to inquiries by audit.
  - (iii) Chronic or abnormal delays in the submission of accounts to audit, the settlement of audit objections or the disposal of inspection reports.
- (u) Any important irregularity in the realisation of revenue.
- (v) Any instance of the absence of administrative regulations and procedure sufficient to secure a proper and effective check upon monetary transactions.

NOTE.—Any serious delay in the issue of necessary financial or account rules (Statutory or non-statutory) by a local Government should receive suitable notice in the Report on Appropriation Accounts, unless the Principal Auditor considers that the rules to be framed are not so important as to cause any serious loss of efficiency, or is satisfied that there will be no further delay. When making his comments, he should, however, state the causes of the delay, particularly in cases in which it would be unfair to comment without indicating the causes.

#### Comments on remedial action.

24. In commenting upon an irregularity, mention should be made of any remedial action taken by the executive authorities to prevent similar occurrences in future. It is legitimate to express an opinion as to the adequacy and probable efficacy of such action or of the financial regulations and procedure of the department concerned. The reporting officer should, however, aim, in framing his comments, rather at relieving the Committee on Public Accounts of the need of further investigation, or at helping it in such investigation, than at inviting criticism of the administration. At the same time, while it is not ordinarily the task of the reporting officer to conduct an investigation of a case of irregularity, it may on occasion be his duty to criticise the manner in which the administrative authorities have performed their duty of investigation.

#### Comments on disciplinary action.

25. (a) There may arise cases in which the reporting officer considers that the disciplinary action taken in connection with an irregularity is inadequate, or that departmental censure or punishment has not fallen upon the right official or upon all the officials deserving it. If he desires to offer comments of this kind, he should give full reasons for his opinion,



and the comments should be so worded as to encourage adequate action in similar cases of the future ; it is ordinarily undesirable to attempt to re-open a specific case which has been closed in relation to a particular official.

(b) If the reporting officer notices a marked difference in the standards of disciplinary action observed by different departments of Government, he should comment on this feature, giving adequate evidence supporting his belief, in his Report.

#### General instructions to be followed in making comments.

26. In commenting on an irregularity, the reporting officer should endeavour to give a clear and correct account of it in plain language, so that a person not versed in the details of accounts and audit may understand its bearing upon the financial interests of the tax payer. Technical expressions should seldom be used ; and, when their use is unavoidable, they should be explained.

27. Relevant points bearing directly upon the nature and extent of the irregularity should alone be mentioned, and the comment should be based on facts and not on inferences. Dates should be given when they are necessary for a clear presentation of the case. It is unnecessary to give a narrative account of the discovery of the irregularity.

28. Where a rule or order has been violated, its substance and the actual or possible effect of the violation on the financial interests of the State should be clearly explained.

29. In reporting cases of financial irregularity, extravagant expenditure or savings effected at the instance of audit, the actual amounts involved should, as far as possible, be stated. Otherwise, figures should not be given unless they are necessary for a clear presentation of the case.

30. The name of the official personally responsible for an irregularity should not be mentioned, and his designation should not be cited if that gives an unmistakable clue to his identity. Subject to such preservation of anonymity, the report should indicate the status of the official responsible.

31. Care should be taken to avoid asperity in comments. The use of such words as " fraud " or " embezzlement " which denote crime should also be avoided unless the crime has been proved. It would generally be sufficient to use some colourless word, *e.g.*, " loss ", in such cases.

32. The wording of a comment should ordinarily make it clear whether it relates to a voted or to a non-voted item, and to expenditure upon a reserved or a transferred subject. The report upon the civil accounts of the central Government should, when possible, indicate the province, if any, in which an irregularity forming the subject of comment occurred.

33. Unless in any case it be otherwise prescribed in this Appendix, it is not necessary for the reporting officer to obtain the approval of the Auditor General before making a comment ; but doubtful and difficult cases may be freely referred to him and his advice may be sought when necessary.

34. Cases may arise in which it may not be possible or advisable to give publicity to the full details of an irregularity by including them in



the Report. If the details which may properly be published are considered inadequate to enable the Auditor General to judge of the gravity of the case, further information should be furnished to him, by confidential letter if necessary.

### Form and Arrangement of the Accounts and Report.

35. Subject, amongst other things, to the reservation stated in paragraph 3 preceding, the compilation should follow the model of the **Skeleton Draft Appropriation Report** printed in the Annexure to this Appendix. It should be understood that the model is purely illustrative and it is open to the Audit Officer to modify or amplify it as may be necessary to suit the material which from year to year it falls to him to handle. In two respects, however, there should be no substantial departure from the model, *viz.*, (a) the order of arrangements of subjects and (b) the tabular statements for the exhibition of figures which when relevant to the circumstances of a province should be given in the exact form prescribed. In dealing with the various matters due regard must also be paid to the instructions given in the model.

36. The outline of the arrangement of the Appropriation Accounts and Report set forth in the Annexure is as follows :—

#### Part I.

- (i) Prefatory remarks.
- (ii) Changes of the year under report.
- (iii) Review of finance.
- (iv) General review of the results of audit.
- (v) Points outstanding from previous Reports.

#### Part II.

- (i) The Appropriation Accounts, with explanatory notes and audit comments.
- (ii) Appendix (Accounts and Reviews of commercial concerns).

A detailed description of the nature of the information to be given in Part I and instructions relevant thereto are given in the body of the **Skeleton Draft Appropriation Report** already mentioned as contained in the Annexure. Similar information in regard to the matters connected with Part II is given in paragraph 39 *et seq* below and in the Appendix to the Annexure.

37. The following points should be borne in mind in connection with the preparation of central Appropriation Reports :—

- (a) No review of the finance of the central Government, as a whole, should be prepared by audit officers submitting Appropriation Reports on central expenditure. Such a review, when considered necessary, will be prepared by the Auditor General himself and transmitted to the Secretary of State in Council with his other comments mentioned in paragraph 15 of this Appendix.
- (b) The Accountant General, Posts and Telegraphs, should, however, include in his Appropriation Report a review of the finance of that department. The review should follow, as far



as may be, the lines prescribed for provincial finances, with such additions and adaptations as the special features of the department demands.

38. In the chapter of his Report dealing with "General review of results of audit" the Accountant General, Central Revenues, who is responsible for the audit of transactions in connection with the Debt Redemption Scheme of the Government of India promulgated with their Finance Department Resolution No. F. 13-II-F., dated the 9th December 1924, should, in addition to the other necessary information, insert a formal audit certificate so that there may be from year to year, an assurance that the conditions of the Debt Redemption Scheme have been scrupulously observed. This certificate need not be in a set form, but should state clearly the terms of the undertaking given and should contain the Audit Officer's assurance about the observance of the undertaking.

**Instructions for the preparation of Part II—Appropriation Accounts, etc.**

39. *General.*—The instructions contained in this section apply primarily to accounts compiled by the heads of combined offices of accounts and audit under the control of the Auditor General. Even, however, in respect of separated offices, where the maintenance of the accounts has been transferred to the executive Government, the concurrence of the Auditor General is necessary before the form of the Appropriation Accounts is determined.

40. By whatsoever agency the accounts be maintained, considerable weight must be attached, in questions affecting the form of the Appropriation Accounts, to the wishes of the Committee on Public Accounts and the executive Government. If either of these authorities desire a radical departure from the terms of the general instructions, the officer responsible for the Appropriation Report should, if he is unable to convince such authority of the superiority of the prescribed form, refer the matter for the orders of the Auditor General.

41. *Grand Summary.*—Prefixed to the Appropriation Accounts, there should be a grand summary of the appropriation results of the year compiled in Form D.

42. *The Appropriation Accounts.*—As the standard form of Appropriation Account, the Auditor General has selected Form E appended to this Appendix, which should be compiled with due regard to the instructions attached to it. It is claimed for this form that it supplies all the really essential information on a single printed page. The insertion of columns 5 and 6, in particular, should relieve the notes on the accounts of a great deal of explanatory matter which would, in the absence of these columns, encumber them.

43. There should ordinarily be a single appropriation account for each grant voted by the legislature, including non-voted appropriations connected with the service for which the grant is voted, and for the complete appropriation sanctioned by the Finance Department for each wholly non-voted head of expenditure. If, however, the Committee on Public Accounts or the Finance Department desires that two or more accounts should be prepared in respect of a single big grant, this may be done, an



abstract of the complete grant being prefixed to the separated accounts. For the purposes of appropriation audit, a grant so divided should continue to be treated as single grant, and transfers from services falling under one of the appropriation accounts to services falling under another should be treated as transfers within a grant.

NOTE.—In cases of this kind, it will ordinarily be desirable to press for the introduction of a new grant to cover that part of the expenditure which it is proposed to exhibit in a separate appropriation account.

44. *Sub-heads.*—An appropriation account should be detailed, not necessarily by the minor or other subordinate heads of account prescribed for the classification of expenditure in the general accounts, but by such sub-heads as may be locally selected for the purpose. These sub-heads should be arranged, as far as possible, under the major and minor heads of the general accounts classification.

45. The selection of sub-heads for the appropriation accounts rests with the Finance Department; but that department has no authority, without the consent of the Auditor General, to prescribe sub-heads under which expenditure cannot be compiled from the general accounts without a change of classification in the latter. A contemplated prescription of this kind should, if the Government desire to press it, be referred by the reporting officer for the orders of the Auditor General. Similarly, if the selection of sub-heads is such as to make it difficult, though not impossible, to apply the essential principles of appropriation audit, the reporting officer should represent to the Finance Department the desirability of revising them in the next year's estimate and, if he considers this to be necessary, of anticipating the revision in compiling the appropriation accounts of the grant. If the Finance Department do not accept this proposal, the advice of the Auditor General should be sought.

46. While it is for the executive Government to select the sub-heads, the reporting officer is entitled to criticise the selection in his Report if it is such as to hamper appropriation audit or to obscure the presentation to the Committee on Public Accounts of the true results of the year. In offering such comments, the following points, among others, should be borne in mind :—

- (a) A single sub-head should not cover expenditure so large or activities so various as to necessitate extensive analysis in the explanatory notes.
- (b) On the other hand, excessive sub-division into sub-heads is undesirable, as it adds to the bulk of the compilation and tends to distract the attention of the reader from essential points.
- (c) Such items as recoveries taken by deduction from expenditure and outlay on grants-in-aid should, if of appreciable size, be accommodated in separate sub-heads.
- (d) Lump sum deductions for probable savings should be shewn under separate sub-heads.

47. The figures relating to each selected sub-head should be separately compiled in the appropriation accounts. The explanatory notes, if any,



relating to each sub-head should, as prescribed in paragraph 54 below, be printed immediately below the relevant line of figures.

48. The figures of expenditure entered in the appropriation accounts must be the final figures of the year under report, as they stand after the general accounts have been closed. Every effort should be made to include in them all changes made by journal entries, as it is of the utmost importance that the figures of the Finance and Revenue Accounts should tally exactly with those of the appropriation accounts. Such agreement must be effected before the general accounts of the year are closed, and no change should be made in the latter if it cannot be incorporated in the appropriation accounts before their submission to the Auditor General.

49. The appropriation accounts should be arranged serially by grants and appropriations, the distinguishing number of each grant or appropriation being printed in thick type at the top of each page which deals with it. If a particular account deals with non-voted items only, the fact should be prominently recorded upon its face.

50. Below the title of each account which forms the subject of comment in the Report the words " See also Report on the Accounts " should be printed in thick type. To facilitate reference in such cases, an index in Form F should be carefully prepared and inserted at the end of the compilation.

51. Where the Appropriation Accounts prepared in India, whether by the audit authorities subordinate to the Auditor General or by the accounts authorities not under his control, relate wholly or in part to transactions, the audit of which devolves upon the audit authorities in England or upon an audit officer other than the Principal Auditor who furnishes the report on the Appropriation Accounts to the Auditor General, the reporting officer should obtain an audit certificate in respect of such transactions included in the Appropriation Accounts.

*Exception.*—No certificate should be demanded by a reporting officer from the Auditor of Home Accounts in respect of any Home Appropriation Accounts incorporated in the Indian Appropriation Accounts so long as the Home Appropriation Account is covered by an audit report bearing the signature of the Auditor of Home Accounts.

52. Where accounts have not been separated from audit, it is not necessary to append the audit certificate to individual appropriation accounts. It will suffice if a single audit certificate is recorded somewhere in the combined publication (preferably below the grand summary of Appropriation Accounts) accepting responsibility for having applied necessary audit or for having received an assurance that the other audit authority concerned, English or Indian, as the case may be, has applied the necessary audit.

The same procedure may be followed in cases where accounts have been separated from audit, but in such cases, if arrangements cannot



be made for the audit certificate to be recorded, before the Accounting Officer's book of Appropriation Accounts is published, the necessary audit certificate may be incorporated in the letter press of the Audit Officer's Report.

NOTE 1.—When any appropriation account is prepared in an accounts or audit circle different from the circle proper of the Principal Auditor responsible for writing the Audit Report on the book of Appropriation Accounts, wherein that appropriation account is to be included, the Principal Auditor of the former circle should furnish to the Principal Auditor responsible for the Report an audit certificate on the same lines as he would have recorded, if he were writing a separate Audit Report on the appropriation account.

NOTE 2.—The certificate of the reporting officer should, as far as possible, be in the form given below :—

“ I have examined the above account and according to the best of my information as a result of a test audit of the books and a consideration of explanations given to me the account is correct subject to the observations in my report on the account.”

If, however, the results of the test audit conducted under his direction lead the reporting officer to a different conclusion, the certificate should be modified accordingly.

53. *Notes on the Accounts.*—The explanatory notes on the appropriation accounts should be prepared by the officers compiling the accounts. Where accounts have been separated from audit, these will be the accounts officers concerned. The Government of India have agreed that, until such time as they themselves prescribe rules for the guidance of such officers, the instructions given in this section of this Appendix shall be binding upon them.

54. The notes explanatory of each sub-head should be printed immediately below the relevant line of figures. This arrangement facilitates the task of the reader and is less wasteful of paper than the practice of printing the notes against the figures on the opposite page.

55. The main object of the note under a sub-head is to explain divergencies (1) between the grant or appropriation for the sub-head as originally voted or sanctioned and its final figure as modified by supplementary provisions, surrenders, withdrawals and re-appropriations, and (2) between that final figure and the actual expenditure under the sub-head.

56. The responsibility for furnishing the necessary explanations rests upon the officer compiling the accounts. If he finds it necessary to collect information from departmental officers, he must make his own arrangements for doing so, invoking, if necessary, the assistance of the Finance Department. Even where his explanations are based upon such information, he will be understood, in the absence of a specific statement to the contrary, to endorse the departmental explanations and accept them as correct.

NOTE.—If so desired by the Finance Department, the compiling officer should send to each authority responsible for controlling expenditure against a grant an advance copy, in manuscript or proof, of the appropriation account of the grant.



57. (a) It is unnecessary to explain the reasons for individual re-appropriations, withdrawals, surrenders or supplementary provisions unless—

- (i) they are of appreciable size, or
- (ii) the expectations with which they were made or obtained have fallen notably short of fulfilment.

(b) Trivial discrepancies between the final figure of the grant or appropriation for a sub-head and the actual expenditure under it need not be explained. If possible, an agreement should be reached with the Government and the Committee on Public Accounts, prescribing a money-limit, possibly modified by a percentage limit, below which discrepancies may be disregarded as trivial. *These limits should not be how-ever prevent important matters of Principal from being mentioned.*

58. In drafting explanations :—

- (i) Brevity should be carefully studied and unnecessary repetitions avoided. Information should be supplied in the simplest form compatible with the object of bringing the facts clearly to the notice of the authority which voted or sanctioned the supply of funds.
- (ii) General terms should not be employed. It is, for example, no adequate explanation of a saving on the purchase of stores to state that "fewer stores were purchased." The reasons for the smaller purchases should be given.
- (iii) Criticism should be avoided. Its proper place is in the audit comments which follow the accounts and notes. Attention may, however, be drawn to any mis-statement contained in a departmental explanation which it is found necessary to reproduce.

59. The following are the more important points to be borne in mind in explaining discrepancies :—

- (i) The provision under the sub-head is the unit voted by the legislature. If there is no appreciable saving or excess on the sub-head as a whole, it is unnecessary, in the absence of very special circumstances, to explain discrepancies in respect of items falling within the unit.
- (ii) In explaining uncovered variations between the final grant or appropriation and the actual expenditure, the reasons why it was impossible to surrender unwanted funds or to obtain an additional provision should be fully set forth.
- (iii) If variations are due to several causes, the approximate amount due to each of these should be stated.
- (iv) In explaining savings, those which are due to temporary postponement of expenditure should be distinguished from the results of economy, retrenchment or deliberate abandonment of projected schemes. If a service or work for which provision was made in the budget is deliberately abandoned in order to make funds available for expenditure for which no such provision was made, the fact should be mentioned.



No. 62.

*Page 20, paragraph 57—*

*Insert the following at the end of clause (b) :—*

“ These limits should not however prevent important matters of principle from being mentioned.”

[Appendix 16 to Audit Code, 2nd Edn. (Revised), No. 62, dated the 1st December 1937.]



(v) Comments should be made, where necessary, upon failure to realise " Probable Savings " for which allowance was made in the budget.

60. When a variation under a sub-head cannot be explained in a note of reasonable brevity, the explanation should be incorporated in an appendix to the account, a reference to this fact being made in a note below the sub-head.

61. If there is a *net* excess over a total grant or appropriation, the main reasons for the excess should be summarised in a separate note at the end of the account. A similar course should be followed when the percentage of total savings is notably high.

62. In addition to explanations of variations between appropriation and expenditure, it is frequently desirable to supply other information in the explanatory notes. The following are examples of such information :—

(a) Although the appropriation accounts do not deal with receipts, cases often arise in which there is some correlation between important items of expenditure and the corresponding receipts, which may be expected to vary in proportion to each other. If this expectation is for any reason not fulfilled, the reason should be explained, unless it is fully apparent from a subsidiary statement or account attached to the appropriation account.

NOTE.—The Appropriation for Military Services is a *net* one, *i.e.*, the total net expenditure on Military Services after deducting receipts is limited to the amount appropriated for these services. The Appropriation Accounts of the Army, Marine and Military Engineer Services should include an examination of the receipt side of the account also, though not in great detail, in order that the appropriation accounts may completely fulfil their function.

(b) If recoveries of expenditure are not shewn under a separate sub-head, but the expenditure, less the recoveries, is exhibited as a *net* figure, the notes should shew the gross expenditure and the gross recoveries, both estimated and realised, with appropriate comments on variations.

NOTE.—This is an exception to the general rule set forth in paragraph 59 (i) above.

(c) If important items of expenditure are mutually so related that variations in one of them should normally affect another, the actual figures of all should be set out in the notes and comment made upon notable divergences.

(d) If a debit to a particular account is offset by a credit elsewhere, the fact should be stated in the notes.

(e) If similar features of different appropriation accounts are explained by a single cause or series of connected causes, a note should be inserted in some suitable place exhibiting the cumulative effect of such cause or causes, and a reference to this note should be made in dealing with each of the accounts concerned.



- (f) On the completion of a special scheme or other temporary object of expenditure, which is of appreciable importance, suitable remarks regarding its unadjusted assets and liabilities should be made in the note below the relevant sub-head. If any stores or other classes of property were acquired by charge to the grant for the scheme, the actual or intended disposal of such property should be explained and any deficiencies noted or losses incurred should be mentioned. When an institution or department has been closed or transferred to another department or Government, the effect upon the accounts of the closure or transfer should be indicated.
- (g) When any important immovable property is purchased, relinquished or exchanged for other property, such details of the transaction as may be known should be incorporated in the note below the relevant sub-head. Thus, in the case of a sale, particulars of original cost may, if available, be given, and compared with the sale-proceeds and with any estimate which may have been included in a project estimate.
- (h) Where the appropriation accounts are not compiled by the audit officer, the compiling officer should endeavour, when drafting his explanatory notes, to anticipate and meet any comments which the reporting officer may be expected to offer upon the figures of the sub-head concerned.
- (i) In general, it should be remembered that it is desirable to give an explanation of every transaction which cannot be presumed to have been contemplated by the legislature or the Finance Department when voting or allotting the funds from which it was financed.

#### Subsidiary Statements and Accounts.

63. In respect of certain classes of expenditure, it is desirable to attach to the appropriation accounts subsidiary statements and accounts. Examples of these are given in the following paragraphs.

64. *Statements of New Works.*—(a) In the detailed budget estimates provision is ordinarily made for individual works if the expenditure upon them is expected to exceed a prescribed monetary limit ; and, in addition, funds are provided in lump for minor items of works expenditure and, in some cases, for unforeseen charges also. Expenditure on individual works is not, however, as a general rule, shewn separately in the appropriation accounts, the outlay being shewn as a whole against one or more sub-heads.

(b) In order to bring out the extent to which the approved programme of expenditure has been followed, detailed statements, in Form G, should be appended to the appropriation accounts. A separate statement of this kind should be appended to each account which deals with appreciable expenditure upon new works ; and, if necessary, such statements should be sub-divided. Thus, outlay upon new Civil Works should be exhibited separately under the four headings "Buildings," "Communications," "Miscellaneous" and "Tools and Plant—New



Supplies," and the portion dealing with Buildings may itself be sub-divided to such extent as the Finance Department may desire. Similarly, Irrigation works should be sub-divided into "Works," "Extensions and Improvements" and "Tools and Plant—New Supplies."

(c) Notes should be included in each statement in Form G, explaining marked variations between the estimated and actual expenditure upon individual works or groups of works, as the case may be. Examples of suitable notes are appended to the specimen form.

65. Statements on similar lines may at times be usefully employed in setting out the progress of expenditure arising out of a concerted programme of outlay upon objects other than new works; such, for example, as a political or other mission or a scheme of inquiry or re-organisation.

66. *Trading Accounts*.—Trading accounts are designed to shew the commercial results of undertakings of a *quasi*-commercial character which are financed, directly or indirectly, out of public funds.

67. The audit officer concerned will make arrangement to incorporate in the relevant Appropriation Accounts the Profit and Loss Accounts and Balance Sheets of Government commercial undertakings or departments, and/or such other accounts as may be prescribed in consultation with the Finance Department of the Government concerned. Such accounts should ordinarily set out, in addition to the figures of the year under report, those of the year immediately preceding it.

68. Similarly in respect of *quasi*-commercial undertakings, the officer compiling the accounts should move the Finance Department to decide the nature and form of the subsidiary accounts and statements, if any, which should be appended to the relevant appropriation account. The orders of the Auditor General should, however, be taken if the decision of the Finance Department involves a substantial change in the form of any regular account or a material departure from any general form prescribed for a similar purpose with the approval of the Auditor General.

69. Every trading account appended to an appropriation account should bear the signature and designation of (1) the officer in immediate charge of the undertaking, (2) the accountant or other person responsible for the book-keeping and the compilation of the accounts and (3) the officer responsible for their audit. The last-named officer should append a certificate of audit in such form as may be prescribed for the purpose.

70. *Store Accounts*.—The appropriation account of a grant covering expenditure on the purchase of stores which will be brought gradually into use furnishes no evidence that the stores actually purchased were really required and that they have been properly utilised. Irregularity in the disposal of public stores is equivalent to irregularity in the handling of public money. In order, therefore, that the appropriation account of such a grant may be complete, it is desirable that it should be supplemented by a store account shewing the transactions in connection with stores actually carried out during the year. This is particularly desirable where the value of stores is considerable.

71. There is another reason for regarding a store account as the necessary complement of the appropriation account in such cases. The



appropriation account is no guide to the adequacy of stocks. If it shews savings or an excess over the appropriation for purchase of stores, the real nature of such savings or excess cannot be determined without reference to the condition of the stock account at the beginning and end of the year. The latter alone can shew the true extent of the drafts actually made upon the stock in hand. A store account is therefore essential if it is desired to keep a watch over the actual consumption of stores.

72. As in the case of trading accounts, store accounts of departments or undertakings not under the audit of the Audit Department should not be appended to the appropriation accounts without the consent of the Finance Department of the Government concerned. The officer compiling the appropriation accounts should ask for such consent where the extent of the stocks purchased or held renders this desirable.

73. Store accounts should be in such form as may be locally prescribed for the purpose, and should give the following information :—

(a) The values of—

- (i) the opening balance ;
- (ii) receipts during the year, distributed, if so desired, over the principal sources of receipt ;
- (iii) utilisations, sales and other disposals during the year ;
- (iv) depreciation, shortages, etc., written off during the year ;  
and
- (v) the closing balance.

(b) The results of stock verification and of revaluation, if any.

(c) The agency employed for such verification and revaluation.

Where, as in the case of Salt and Opium Stores, the stocks are large and of a more or less homogeneous character, the accounts may with advantage shew quantities and, if possible, rates in addition to values.

74. As in the case of trading accounts, store accounts should bear the signature of the officer in immediate charge of the stores and of the accountant responsible for the preparation of the accounts. If, by virtue of a requisition under rule 12 (ii) of the Auditor General's Rules, the audit of the store accounts has been entrusted to an audit officer, an audit certificate should be signed by the latter. When an account not under such audit is appended to the appropriation account, the explanatory note under the relevant sub-head should mention this fact.

75. *Accounts of Expenditure from Grants-in-aid.*—Separate accounts of expenditure, by grantees, from grants-in-aid should be appended to the appropriation accounts in cases where the submission of an audited account or the subjection of the accounts of expenditure to Government audit is made a specific condition of the grant. All such accounts should be signed by the grantee or by his responsible accountant and should bear a certificate of audit.

76. Where grants-in-aid are sanctioned for expenditure on the public service by, or under the control of, a Government official, separate accounts of such expenditure should not be attached to the appropriation accounts unless the Finance Department of the Government concerned so desire.



77. *Accounts of Depreciation and Reserve Funds.*—Where a Depreciation or Reserve Fund has been instituted for a particular department or undertaking of Government, the accounts of such fund should be appended to the appropriation accounts, in such form as may be prescribed for the purpose by the Auditor General.

78. *Accounts of Lump Sum Provisions.*—Where a lump sum provision is made in a grant or appropriation, for distribution by re-appropriation over different sub-heads of the grant or appropriation, it is desirable, if the transactions are numerous, to append to the appropriation accounts a statement shewing the actual utilisation of the provision. If the transactions are comparatively few, it should ordinarily be possible to deal with them in the explanatory notes under the relevant sub-head.

79. *Explanations of Complicated Accounting Procedure.*—Where it is desired to give a detailed explanation of complicated accounting procedure, such as the nature and meaning of a particular Suspense head, this should ordinarily be done in an appendix attached to the appropriation accounts. It is desirable to avoid over-loading the explanatory notes below the sub-heads.

### Audit Comments.

80. Appended to each appropriation account should be audit comments of the reporting officer. These should deal with the appropriation account itself ; with any subsidiary accounts, statements or appendices attached to it ; and, where the accounts have been prepared by an officer other than an audit officer, with the explanatory notes below the various sub-heads.

NOTE.—In cases where subsidiary accounts subject to audit are incorporated in the Administrative Reports of the Departments concerned, but not appended to the appropriation account *e.g.*, the commercial accounts of Bombay and Calcutta Mints, the audit comments below the appropriation account will, in addition, mention whether the subsidiary accounts have been audited by the

### No. 61.

Page 25, paragraph 81—

*Substitute* the following for the second sentence of this paragraph :—

“They should not ordinarily contain remarks about the improvement or deterioration in budgeting or control of expenditure but whenever it is thought necessary or justifiable to express a definite opinion (instead of leaving the facts to speak for themselves) that there has been ‘improvement’ or ‘deterioration’ in budgeting or control of expenditure, such comments should be very carefully tested first for correctness in the light *inter alia* of the other side’s explanation. Comments of this kind should not be made on a superficial view, say, of a net percentage figure.”

[Appendix 16 to Audit Code, 2nd Edn. (Revised), No. 61, dated the 1st December 1937.]

of expenditure placed under objection also shed a valuable side-light on the efficiency of control. Any comments made should be illustrated by facts and figures, and should be directed mainly at establishing the need for scrutiny of methods of control. An apparent misuse of delegated powers of re-appropriation is, however, a subject for legitimate comment.



82. The following, among other matters, may with advantage be mentioned in the comments :—

- (i) Instances of postponement to a later year of payments or adjustments which should have been made during the year under report.
- (ii) Instances of payments or adjustments carried over from a previous year.
- (iii) Important assets awaiting realisation and the progress made in realising them.
- (iv) Progress made in the recovery of recoverable expenditure, including such expenditure regularly charged off as final outlay.

83. As indicated in paragraph 74, an audit officer cannot certify to the correctness of the Stores Accounts where the audit of stores transactions of the department concerned has not been entrusted to the Auditor General under rule 12 (ii) of the Auditor General's Rules and unless a Store Account has been audited in detail and with care it is difficult to comment on it with authority. The audit officer may, however, assist the Public Accounts Committee in their investigation into the stores transactions by comments on some aspects of these transactions in the Appropriation Accounts. Comment may, for example, deal with the following points :—

- (1) Whether the closing balances as disclosed in the Stores Accounts appear to have been excessive.
- (2) Whether the amounts written off by way of depreciation, shortages, etc., during the year appear to be abnormally high.
- (3) Whether the stock verification and revaluation, if any, has been made by proper authorities.
- (4) In one province the Public Accounts Committee has desired that the Stores Accounts should indicate surplus stores, if any. The audit officer may comment in cases where such surplus appears to be abnormal and after enquiry from the departmental officers he may also be in a position to say whether adequate measures are being taken to dispose of the surpluses.

The foregoing list is by no means exhaustive and what is really desired is that all audit officers should continuously realise that they are expected not merely to reproduce the Store Accounts but to audit them with reference *inter-alia* to the points mentioned above. No comments need however be made in the Appropriation Accounts unless there is anything special to be said. Remarks such as "the closing balances appear to be suitable" or other equally colourless remarks do not help any one and may even be misleading and dangerous, as they may lead the Public Accounts Committee to refrain from investigation in a case where a correct appreciation of the position can be formed only after examination of the departmental witness.



### Instructions to be followed in the preparation of Appropriation Accounts and Reports for the Press.

84. In preparing the Appropriation Report for the press, every endeavour should be made to keep the cost of printing at the lowest level consistent with the presentation of a clear, intelligible and readable production. The following points, in particular, should be borne in mind :—

- (a) Before a report is sent to the press, the general arrangement of its printing should be carefully considered, and the instructions given should be sufficiently clear and precise to obviate the necessity of calling for a second proof. The manuscript should be legibly type-written and should be sent in its final form.
- (b) The size of each report should be "royal octavo."
- (c) The use of type of various sizes enhances the cost of printing. but the employment of different type of the same size does not increase expense. "Small pica" and "11 point" types are convenient *media* for the letter-press of the report. The Appropriation Accounts, with their explanatory notes, should be uniformly printed in "brevier," "mono-brevier" or "8 point."
- (d) Annas and pies should be omitted from all figures. Elsewhere than in the Appropriation Accounts, it will frequently be convenient to express sums in thousands of rupees. When this is done, the usual prefix "Rs." should be omitted, and it should be explained, in a prefatory note to the Report, that figures not preceded by this sign represent thousands of rupees.
- (e) Tabular statements containing four or more columns are expensive to print and should, as far as possible, be avoided. A statement such as that given below :—

Year.	Madras.	Bombay.	Bengal.	United Provinces.	Punjab.
	Rs.	Rs.	Rs.	Rs.	Rs.
1923-24 . . .	13,725	19,314	21,246	17,455	12,349
1924-25 . . .	12,967	14,650	29,670	16,788	13,006

can readily be replaced by the following simple and inexpensive form :—

	1923-24.	1924-25.
	Rs.	Rs.
Madras . . . . .	13,725	12,967
Bombay . . . . .	19,314	14,650
Bengal . . . . .	21,246	29,670
United Provinces . . . . .	17,455	16,788
Punjab . . . . .	12,349	13,006



No. 58.

*Page 28, paragraph 85—*

*Read “ 14 ” and “ 12 ” for ‘ 12 ’ and ‘ 10 ’ respectively in line 4 of this paragraph.*

[Appendix 16 to Audit Code, 2nd Edition (Revised), No. 58, dated the 1st April 1937.]



**PART III.****INSTRUCTIONS DEALING WITH THE PROCEDURE SUBSEQUENT TO THE SUBMISSION OF THE APPROPRIATION ACCOUNTS AND REPORTS TO THE COMMITTEE ON PUBLIC ACCOUNTS.****Consideration of the Appropriation Accounts and Reports by the Committee on Public Accounts.**

86. In considering the Appropriation Accounts and Report the Committee on Public Accounts does not function as an executive body. It has no power, even after the most minute examination and on the clearest evidence, to disallow any item of expenditure or to issue any kind of order. It may offer advice upon any question arising out of the Accounts or Report, but its function is advisory only, and its findings must be cast in the form of recommendations to the executive Government or to the legislature.

87. The audit officer who prepared the Appropriation Report should be present in person at such meetings of the Committee on Public Accounts as he may be invited to attend. His presence is in all cases desirable, and particularly at those meetings at which evidence is taken ; but it will rest with the Finance Department of the Government concerned to secure the issue of the invitation. If no invitation is received, the matter should be reported to the Auditor General.

88. When attending the meetings of the Committee on Public Accounts, the audit officer should remember that, as the presence of the India Office Auditor is impossible, the responsibility for giving to the Committee such assistance as that Auditor could have rendered devolves upon himself.

89. In those provinces in which the detailed proceedings of the meetings of the Committee on Public Accounts and of the evidence given thereat are not published, the audit officer should keep a record of all engagements and promises which he may make in the course of the proceedings, in order to ensure that they are duly honoured. In other cases, the printed proceedings should constitute such a record.

**The orders of Government on Reports.**

90. It is the duty of the Finance Department of the Government concerned to consider any recommendations of the Committee on Public Accounts or of the legislature arising out of the Appropriation Accounts and Report. It will forward to the audit officer who prepared the Report the findings of the Committee and the decisions of the legislature upon them, including sanctions to excesses over voted grants ; and will similarly forward its own sanctions to excesses over non-voted appropriations. It will, in addition, communicate to him all orders passed by the Government on the recommendations of the Committee or the legislature ; and will forward to the Auditor General the necessary number of copies of the findings of the Committee as soon as they are available. The Auditor General does not desire that detailed replies to his comments on the Accounts or Report should be addressed to him by the Finance Department.

91. The Finance Department is under no obligation to adopt the recommendations of the Committee on Public Accounts ; but it is expected to state, in its orders on the Reports, its reasons for declining to do so in any case. This will enable the Committee, if it so desires, to consider the



points of difference anew at its next session, and either to invite the Finance Department to consider the matter further or to call the attention of the legislature to it.

92. The Government of India have requested local Governments and Administrations to communicate direct to the audit officers concerned the orders which they pass on financial irregularities, relating to transactions undertaken by them as agents of the central Government, which are mentioned in the Appropriation Report on central accounts. The same authorities have further been requested to intimate, not only to the audit officers but also to the Finance Department of the Government of India, the action taken on each central Report as a whole in so far as it relates to the particular local Government or Administration. A similar procedure is observed by the administrative departments of the Government of India in respect of central transactions for which they are responsible.

#### Watching of the Action taken on Reports.

93. The general responsibility for watching the action taken upon each Appropriation Report rests upon the audit officer who prepared it. Where, however, the accounts to which a particular comment relates are audited by an officer who is not subordinate to the preparing officer, it is for the auditing officer to watch the action on that comment.

94. The officer responsible for watching the action taken on a Report should maintain a suitable register for the purpose. If he has any doubt whether a particular Report or question has been adequately handled by the Committee on Public Accounts or by the Finance Department, he should refer the matter for the decision of the Auditor General.

NOTE 1.—After the Report of a provincial Public Accounts Committee has been examined, the Accountant General should direct the attention of the Auditor General

- (i) to those paragraphs of the Report of the Public Accounts Committee which contain recommendations of considerable importance; and
- (ii) to any adverse comments made by the Public Accounts Committee or the local Government on any remarks of the Auditor General or on the views taken by the Audit Department, or to any comments which contain a reflection, express or implied, on the Audit Department for failure to take proper action, together with his own opinion on them.

NOTE 2.—In respect of the central transactions, however, immediately on receipt of a copy of the Public Accounts Committee's Report, the Accountant General concerned should see that necessary action is taken by his office on those recommendations of the Committee which have a bearing upon the accounts of the Department or Departments coming under his audit control. Any matter requiring the orders of the Auditor General should, of course, be referred to him for orders.

95. The orders of the various Governments upon the reports of the Committee on Public Accounts, whether they be embodied in resolutions or issued in a less formal manner, constitute a body of case-law relating to the accounts of each Government. Each officer responsible for the preparation of Appropriation Reports should therefore maintain, for the guidance of his own office, a systematic record of such orders. It is, however, desirable that each Finance Department should publish an epitome of such orders, which should be from time to time amended and kept up to date; and, when this procedure is in force, it is unnecessary for the officer preparing the Report to maintain a similar record.



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**ANNEXURE.**

**(SKELETON DRAFT  
APPROPRIATION REPORT.)**

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*Substitute* "Other important account changes" for the existing entry "Important account changes" on this page.

[Appendix 16 to Audit Code, 2nd Edition (Revised), No. 57, dated the 1st April 1937.]

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## PREFATORY REMARKS.

This volume containing the Appropriation Accounts of the Government of . . . . . and the Report of the Accountant General thereon is prepared in pursuance of rule 15 of the Auditor General's Rules framed under section 96 D (1) of the Government of India Act. Its object is to present the audited accounts of all the expenditure of the year whether voted or non-voted, in the form of a separate appropriation account for each grant, with any important observations which it is considered necessary to make as a result of audit investigation. It is transmitted by the Auditor General with his comments thereon to the Finance Department of the local Government to be laid before the provincial Public Accounts Committee.

2. The Public Accounts Committee is a statutory body constituted in pursuance of rule 33 of the . . . Legislative Council Rules to consider this Report and the appended Appropriation Accounts and such other matters as may be referred to it by the Finance Department.

**[Here should be explained the exact constitution and other special matters connected with the Public Accounts Committee of the province.]**

3. In scrutinising the Appropriation Accounts of the Province, it is the duty of the Committee to satisfy itself that the money voted by the Council has been spent within the scope of the demand granted by the Council. It is also the duty of the Committee to bring to the notice of the Council—

- (a) every re-appropriation from one grant to another ;
- (b) every re-appropriation within a grant which is not made in accordance with the rules regulating the functions of the Finance Department, or which has the effect of increasing expenditure on an item the provision for which has been specifically reduced by a vote of the Council ; and
- (c) all expenditure which the Finance Department has requested should be brought to the notice of the Council.

4. The main function of the Committee is to see how far the wishes of the Council are carried out in the matter of expenditure incurred. In performing this duty it has also to see that no expenditure is incurred on any " new service " for which provision was not made either in the original demand or in a supplementary demand voted by the Council, that there has been no extravagance, and that money set apart for one purpose has not been directed to another. The Committee may, if it desires, summon Heads of Departments as witnesses to supplement information on any point.

5. In dealing with the Accounts and the Report, the Committee is entitled to offer criticisms and recommendations upon any matter discussed therein or in the Auditor General's comments thereon, whether such matter concerns the accounts of expenditure, voted or non-voted or those of receipts ; (it has however no jurisdiction over matters relating to the Backward Tracts).\*

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\*To be omitted where unnecessary.



6. The Committee is not an executive body. It has no power, even after the most minute examination and on the clearest evidence, to disallow any item or to issue an order. It can only call attention to an irregularity or to failure to deal with it adequately, and express its opinion thereon and record its findings and recommendations.

7. Further details of the nature of the duties entrusted to the Committee, the manner in which those duties should be performed and the results which may be anticipated if those duties are performed efficiently, will be found in the "Memorandum on the work of the Public Accounts Committees in India" drawn up by the Auditor General in India, (\*which is furnished by the Finance Department to each member of the Committee.)

8. It should be borne in mind while considering the Report that, whilst it is framed on the best information available and, in the great majority of cases, after communication with the departments concerned, it is necessarily prepared before the departmental witnesses have been examined, and that it does not possess the same degree of authority or finality as the Report ultimately presented to the legislature by the Committee on Public Accounts after hearing evidence on the points raised herein.

9. It should also be borne in mind that the cases of financial irregularity, apparently defective administration, etc., which are brought to notice in the Report represent only a small percentage of the total financial transactions of the year. The comments on such cases must not be understood as conveying any general reflection on the administration of public expenditure.....  
 [If the Accountant General considers it fit, he may express an opinion separately as regards the standard attained in the administration of public expenditure as a whole.]

[Any rulings of permanent value with reference to the duties of the Public Accounts Committee, when no other suitable place can be found for them, and any other introductory matter which must be repeated from year to year may also be included in these prefatory remarks.]

(Sd.)

*Accountant General.*

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\*This may be modified suitably, where necessary, so as to represent the exact practice obtaining in each province.



PART I.

Report of the Accountant General on the Appropriation Accounts of the Government of . . . . for 1931-32.

[Throughout this Report the amounts shown represent thousands of rupees unless the contrary is specifically indicated.]

CHAPTER I.—CHANGES OF THE YEAR UNDER REPORT.

This chapter deals with—

- (i) Changes in the form of the Accounts or the Report, or in that of the demands, grants or appropriations.
- (ii) Changes in classification which have affected the accuracy of the budget or operated to hamper the control of expenditure.
- (iii) Important account changes.

2. (i) Changes in the form of the Accounts or the Report, etc.

(a)	*	*	*	*	*	*
(b)	*	*	*	*	*	*
(c)	*	*	*	*	*	*

3. (ii) Changes in classification which have affected the accuracy of the budget or operated to hamper the control of expenditure.

(a)	*	*	*	*	*	*
(b)	*	*	*	*	*	*
(c)	*	*	*	*	*	*

4. (iii) Important Account changes.

Under this category are dealt with—

- (a) Changes in the classification of expenditure from Voted to Non-voted, from Reserved to Transferred, from Central to Provincial and *vice versa*, and from one grant to another.
- (b) Changes in the major, minor and subordinate heads of the general accounts.



(a) *Changes in the classification of expenditure from voted to non-voted, etc., etc.*

(i)	*	*	*	*	*	*	*
(ii)	*	*	*	*	*	*	*
(iii)	*	*	*	*	*	*	*

(b) *Changes in the major, minor and subordinate heads of the General Accounts.*

(i)	*	*	*	*	*	*	*
(ii)	*	*	*	*	*	*	*
(iii)	*	*	*	*	*	*	*

[In mentioning the changes of the year under Report the following points should be noted :—

It is unnecessary to include in the Report a complete list of petty changes in classification as between major or minor heads. Such changes should not be mentioned unless they have actually affected the appropriation results of the year. The Committee on Public Accounts is, however, entitled to be kept informed of all transfers of charges between the voted and non-voted categories and between reserved and transferred subjects, and these should be set forth in full ; together with all changes of incidence as between central and provincial revenues.

In describing a change, a brief description should be given of the reasons for which it was made and the results expected from it. In offering comments, the following points in particular should be borne in mind :—

- (a) It is a recognised principle that effect should be given to a change of classification from the beginning, and not in the course, of a financial year. Any departures from this principle should be brought to notice and explained.
- (b) The clarity and adequacy of an appropriation account, from the point of view of legislative control, depend largely upon the proper arrangement and classification of the estimates. It is open, therefore, to the reporting officer to make suggestions for the clarification of the accounts or the better presentation of information derived from them. In this connection, special scrutiny should be applied to the number of sub-heads included in a grant and the amount of the expenditure included under each of them : see paragraph 46 of the Appendix.
- (c) If a newly introduced sub-head is inconsistent with the classification followed in the Finance and Revenue Accounts, or if its figures cannot be readily reconciled with those of the general accounts, its unsuitability should be brought to notice.



- (d) In respect of certain questions of classification and incidence, the statutory power of deciding doubtful points vests in the Governor General or the Governor. Any such decisions which may have been given during the year should be mentioned in the Report, and the doubtful points settled by them should be briefly explained. If the reporting officer considers that a particular decision is inconsistent with the spirit of the relevant rules, he should not comment upon it in the Report but should address the Auditor General on the subject.]

## CHAPTER II.—REVIEW OF FINANCE.

### SUMMARY OF THE TRANSACTIONS FOR THE YEAR UNDER REPORT (1931-32).

5. A summary of the detailed transactions during the year under report as compared with the Budget for the year is given in the subjoined statement.

(As in form A.)

[The statement above should be followed by brief explanations of large and important variations between the Budget figures and the actuals under all heads, both of receipts and disbursements, exhibited in it.]

### REVIEW OF REVENUE AND EXPENDITURE.

6. The following table shows the progress of revenue and expenditure and the revenue position of the Government of.....from 1928-29 onwards :—

(As in form B.)

[This should be followed by a review of revenue and expenditure under the heads given in the statement. The progressive improvement or deterioration should be noticed and known causes leading to it should be mentioned. In order to elucidate the existing financial position it may also be desirable to examine the possibilities of growth or diminution of liabilities and of expansion or deterioration of revenue under the various heads. The effects of any changes in taxation during the year under report or of measures taken to effect reduction in expenditure during the same period should be prominently indicated against the heads affected.]

### REVENUE POSITION OF GOVERNMENT.

7. [Here the current revenue and expenditure should be reviewed together and the current revenue position as a whole appraised.

If, in any province, the amount of extraordinary receipts realised every year is considerable and appears to be a continuous source of revenue, the review of revenue position may be supplemented by a statement in the form below.]



Statement showing the revenue results of the Government of ..... since 1921-22 after eliminating the extraordinary receipts and expenditure other than ordinary revenue expenditure met out of those receipts.

REVENUE ACCOUNT.

Year.	Total Revenue.	Total expenditure charged to revenue.	Surplus (+) or Deficit. (-).	Extraordinary receipts.			Net Receipts (Column 2 minus column 5).	Net Expenditure (Column 3 minus column 6).	Net Surplus (+) or deficit (-).
				Extraordi- nary re- cepts.	Less Capi- tal expendi- ture met from revenue.	Net Receipts.			
1	2	3	4	5	6	7	8	9	10
1921-22 . . . . .									
1922-23 . . . . .									
1923-24 . . . . .									
1924-25 . . . . .									
1925-26 . . . . .									
1926-27 . . . . .									
1927-28 . . . . .									
1928-29 . . . . .									
1929-30 . . . . .									
1930-31 . . . . .									
1931-32 . . . . .									
Total									

4

[At the foot of the statement the Accountant General may make any suitable comments which in the light of the figures given in it he may consider desirable.]



**CAPITAL OUTLAY NOT CHARGED TO REVENUE.**

8. *Progressive capital outlay to end of the year.*—The following table shows a progressive account of the capital expenditure not charged to revenue of the Government of..... up to the end of 1931-32 :—

Nature of expenditure.	Expenditure up to 1930-31.	Expenditure during 1931-32.	Total.
52-A. Capital Outlay on Forests . . . . .			
55. Construction of Irrigation, etc., Works .			
* * * * *			
* * * * *			
* * * * *			
60-B. Payment of commuted value of pensions			
Total .	_____	_____	_____

[Below this table may be made any comments which the Accountant General may wish to make in respect of any capital major head included therein, either by way of explanation of the outlay recorded under it, or on the productivity, or otherwise of the outlay incurred.]

9. *Commitments.*—The following table shows the extent at the end of 1931-32 to which the.....Government was committed in respect of sanctioned works estimated to cost Rs.....or more the cost of which is not chargeable to revenue :—

Major head of account and name of work.	Amount of sanctioned estimate.	Expenditure to end of year 1930-31.	Expenditure during the year.	Further liabilities as per estimate.	Total expenditure estimated (columns 3 to 5).
1	2	3	4	5	6

[When a statement of this nature is to be given in the Report, it will be desirable for the local Government to be invited to scrutinise and modify it. It rests with the Accountant General to fix the money limit for works to be included in this statement. Below this statement may be mentioned the commitment of the local Government in respect of diversions, if any, of the moneys in the Road Development Fund Account for expenditure on maintenance of existing roads.]

**DEBT POSITION.**

10. The subjoined statement shows the capital borrowed by the Government of..... up to 31st March 1932, and the way in which it has been utilized. :—

(As in form C).

[This statement should be followed by suitable explanations of the various items as shown below.]



11. *Items I and IV-A—Loans raised in the open market.*—[...] loans were raised by the local Government in the open market during the year under report. The statement below gives a detailed account of the loans so far raised by the local Government in the open market :—

Description of loan.	Rate of interest.	Amount subscribed.	Opening balance on 1st April 1931.	Debt discharged during the year.	Balance of loan outstanding on 31st March 1932.
	Rs.	Rs.	Rs.	Rs.	Rs.
* * * * *					
* * * * *					
Total					

[This should be followed up by full particulars of each loan, *i.e.*, the purposes for which it was raised, terms of redemption, the sources from which amortisation is to be financed, conditions attached to it such as constitution of a sinking fund, etc.]

12. *Item II—Advances from the Provincial Loans Fund—*

- (1) *Pre-reform Provincial Loan Account.*—The amount represents the balance outstanding on the 31st March 1921 on account of loans and advances sanctioned by the provincial Government out of the sums placed at their disposal by the Government of India, and has been treated as an advance under Devolution Rule 23. This is being discharged by ..... annual repayments with interest, the balance outstanding on the 31st March 1932 is Rs....lakhs.
- (2) *Pre-reform Irrigation Debt.*—This represents the capital sums spent by the Governor General in Council upon the construction of productive irrigation works prior to 1st April 1921 and is treated as an advance to the local Government under Devolution Rule 24. This is virtually the permanent debt of this Province as it is not repayable except at the option of the local Government. The amount of interest paid on this account up to 1931-32 was Rs..... lakhs, the amount payable for each year being Rs.....



(3) *Post-reform advances—*

(i) *For productive purposes.*—This represents the amount borrowed from 1921-22 to 1931-32. The objects for which the loans have been taken are detailed below :—

	Up to 1930-31.	During 1931-32.	Total.
1. Loans and Advances by Provincial Government . . . . .			
2. Irrigation works and Hydro-Electric Development			
3. Civil Works and Commercial concerns . . . . .			
4. Cauvery-Mettur Project . . . . .			
Total . . . . .			

The amounts borrowed in respect of items 1—3 are being repaid annually by instalments including interest, but in the case of item No. 4, no instalment of principal is payable till 1936-37.

(ii) *To finance revenue deficits.*—This represents the loan obtained to meet revenue deficits during the period . . . . . and is being discharged annually by equated instalments including interest. The balance outstanding at the end of the year is Rs. . . . . , vide paragraph . . . . .

(iii) *For unproductive purposes—*

[Here should be given details similar to those against (i) above.]

13. *Items III and IV-C—Loans taken from the Famine Relief Fund.*—In addition to the loans raised in the open market and the advances from the Provincial Loans Fund, the Government of . . . . . has borrowed a sum of Rs. . . . . lakhs for advances to cultivators from the excess balance in the Famine Relief Fund under Rules 8 and 9 of Schedule IV to the Devolution Rules. The debt is being repaid in equated instalments the amount so far discharged being Rs. . . . . lakhs.

Details of loans taken from the Fund and of repayments are furnished below :—

Year of loan.	Amount of loan taken.	No. of instalments fixed.	No. of instalments paid.	Total amount repaid.
1929-30 . . . . .				
1930-31 . . . . .				
1931-32 . . . . .				
Total . . . . .				



14. *Item IV—B.—Repayment of loans taken from the Provincial Loans Fund.*—The details of the repayments are :—

	Up to 1930-31.	During 1931-32.	Total.
<b>(i) Productive—</b>			
Provincial Loan Account (Pre-reform) . . . . .			
Provincial Loan Account (Post-reform) . . . . .			
Other purposes (each separately) . . . . .			
Total . . . . .			
<b>(ii) To finance revenue deficit—</b>			
* * * * *			
Total . . . . .			
<b>(iii) For other unproductive purposes—</b>			
* * * * *			
Total . . . . .			

[Here it should be explained whether the loans are repaid out of current revenues or from other sources.]

15. *Item V.—Accumulations in Sinking Fund.*—The figures represent accumulations in the Sinking Fund created for the loans raised by the Government in the open market. The Fund is credited with the prescribed amount set apart each year out of the ordinary revenues and with any profits realised on investment of the balances in the Fund, and is debited with charges connected with the redemption of debt either by purchase and cancellation of securities or by direct discharge. An up to date account of the Sinking Fund is given below :—

Particulars.	Receipts.		Particulars.	Payments.	
	Received during the year.	Total received to end of the year.		Paid during the year.	Total paid to end of the year.
	Rs.	Rs.		Rs.	Rs.
Annual contribution to the Fund . . . . .			Amount spent for the discharge of debt . . . . .		
Interest received from the investments of the amounts received in the Fund . . . . .			Payment of advance interest on securities purchased . . . . .		
Profit on investment . . . . .			Loss on investment . . . . .		
			Balance . . . . .		
Total . . . . .			Total . . . . .		

It will be seen that the total receipts and payments from the Sinking Fund to end of the year 1931-32 amounted to Rs. . . . . and Rs. . . . . respectively, leaving a balance of Rs. . . . . at the credit of the Fund.



Pending utilisation for the purposes for which the Sinking Fund has been created the amount standing at its credit has been invested. The following statement exhibits the manner in which the deposits in the Sinking Fund have been invested :—

Particulars of securities.	Face value	Purchase	Latest	Latest
	of the	price of	Closing	Market
	securities.	the	quotations.	value.
	Rs.	Rs.	Rs.	Rs.
<b>Government of India Rupee Loans—</b>				
5 per cent. Bonds 1933 . . . . .				
5 per cent. Bonds 1935 . . . . .				
5 per cent. Bonds 1929—47 . . . . .				
3½ per cent. Government Promissory Notes				
4 per cent. Bonds 1931—36 . . . . .				
4 per cent. Bonds 1934—37 . . . . .				
4½ per cent. Bonds 1934 . . . . .				
Total . . . . .	_____	_____	_____	_____
<b>Other Securities—</b>				
.. per cent. . . . . Bonds . . . . .				
Treasury Bills . . . . .				
Total Investments . . . . .	_____	_____	_____	_____
<b>Add bonus on conversion into 1929—47 and 1945—</b>				
—55 Bonds (since sold) . . . . .	..	..		
Total . . . . .		..		

The uninvested balance is thus.....

[The Accountant General may make here any general comment which he deems necessary on the suitability or otherwise of the investments of the balances in the Fund. Then should be given the audit certificate showing whether the appropriations to the Sinking Fund and payments made therefrom are in accordance with the undertakings given by the Government concerned in regard to this matter and set forth in the prospectus of the loans.]

16. *Item VI.—Net Liabilities.*—The net liabilities of the ..... Government on the 31st March 1932 as shown in the statement on page ..... are composed of :—

	Balance on
	31st March
	1932.
(i) Loans raised in the open market . . . . .	
(ii) Advances from the Provincial Loans Fund . . . . .	
(iii) Advances from the Famine Relief Fund . . . . .	
Deduct—Accumulations in Sinking Fund . . . . .	
Total . . . . .	_____
	_____



17. *Item VII (1) to (6).—Outlay on Capital Works—*

[The figures should represent the entire capital outlay charged in the accounts outside the Revenue Account and may thus include also the outlay incurred from sources other than loan funds, *i.e.*, from the recoveries in the Provincial Loan Account and from the revenue balances. They need no further explanation. (See also explanation of items XI (2) and XII below.)]

18. *Item VIII.—Discount on loans raised in the open market.*—The ..... loan (in the open market) was raised at a discount of ..... which was charged to capital as it was recognised that it would constitute a heavy and unjustifiable debit against revenue which would eventually meet the whole of the redemption value of the loan through the operation of the Sinking Fund.

19. *Item IX.—Outstanding amount of loans borrowed to meet revenue deficits.*—The sum of Rs. .... is made up of—

Loans taken to meet revenue deficits	..	..	Rs.....
Less repayments	..	..	..
			.. Rs.....

20. *Item X.—Outstanding Loans and Advances by the Local Government.* (See page .....).—This amount represents the balance outstanding of the Provincial Loan Account on 31st March 1932 and includes also the amount Rs. .... financed from Famine Insurance Fund prior to 1928-29.

21. *Item XI (1).—Sums held in Provincial balances.*—As only an outlay of Rs. .... was incurred up to 1931-32 against the loans of Rs. .... taken for ..... the balance of Rs. .... remained unutilised and formed part of the provincial balance at the end of the year.

[The Accountant General may make here any suitable comment if in his opinion there is a tendency to borrow in excess of requirements.]

22. *Item XI (2) and XII.—Add—borrowed funds devoted to revenue purposes and Deduct—contribution from revenue towards capital expenditure.*

[Here should be given an analysis of the figures shown against these entries if the details are readily available and if there is definite information about them. No special research need however be conducted to exhibit the analysis entries against these items, because, as explained in the explanatory note below Form C, these entries are intended to balance the two sides of the statement and indicate generally the excess of borrowed money over capital outlay for which loans are admissible or *vice versa*. As capital outlay shown against items VII and X will not represent only the outlay for which specific loans have been taken but may also include outlay incurred from sources other than loan funds, which may be difficult to trace, an analysis of these entries in the absence of definite information may lead to an undesirable controversy.]



*Forecast of future borrowings.*

23. The following table shows the projected borrowings in 1932-33 and a forecast of the loan requirements in subsequent years of the..... Government :—

Item No.	Particulars.	Borrowings in 1932-33.	Forecasted borrowings.		Total.
			1933-34.	1934-35.	

*Loans and Advances by the Provincial Government.*

24. [Here the balances under the head should be reviewed and an analysis of balances by various sub-heads should be given which should direct special attention to writes off, delays in repayment, acknowledgment of balances, doubtful assets in balances, etc.

This should be followed by a statement showing the transactions connected with the Provincial Loan Account from 1921-22, onwards in the following form, with such comments as may appear necessary.]

Year.	Advance Account.			Revenue Account.	
	Opening balance.	Gross disbursement.	Gross recoveries.	Closing balance.	Receipt of interest.
1921-22	.	.	.	.	.
*	*	*	*	*	*
*	*	*	*	*	*
1931-32	.	.	.	.	.

*General comments on the Debt Position.*

25. [Here the Accountant General may make any suitable comments on the debt position of the Government as a whole, as disclosed by the information furnished above, particularly, on the magnitude of debt, sufficiency of revenue to meet the service of debt both present and future, and on the necessity of amortisation arrangements, their adequacy when made and the extent to which they are duly carried out.]

*Famine Relief Fund.*

26. [The comments under this head should start with a brief description of the constitution and object of the Fund. It should be followed by the exhibition of the transactions of the year in the following form with such comments as may appear necessary.]

	Rs.
Opening balance on 1st April 1931	. . . . .
Add receipts—	
Unexpended balance of the assignment for the year	. . . . .
Interest—	
(a) on balance of the Fund	. . . . .
(b) on advances to the Provincial Loan Account	. . . . .
Repayments of advances to the Provincial Loan Account	. . . . .
Recoveries of Famine expenditure	. . . . .
Deduct withdrawals—	
For expenditure on Famine Relief	. . . . .
For advances to Provincial Loan Account for loans to cultivators, etc.	. . . . .
For other objects (to be specified)	. . . . .
Closing balance on 31st March 1932	. . . . .



*Analysis of Provincial Balances.*

27. [In addition to any information which the Accountant General deems it necessary to furnish by way of an analysis of the closing cash balance of the local Government for the year a summary of accounts of the local Government for the post-Reform period should be given here in the following form.]

Debits.	Particulars.	Credits.
..	1. Opening balance on 1st April 1921 . . . . .	
..	2. Revenue Surplus or Deficit from 1st April 1921 to 31st March 1932 . . . . .	
..	3. Capital Expenditure . . . . .	
..	4. Permanent Debt . . . . .	
	(Raised in the Open Market by Government.) . . . . .	
..	5. Ditto. (Repaid up to 31st March 1932) . . . . .	
..	6. Advances from the Provincial Loans Fund (including advances in respect of Pre-reform Irrigation) . . . . .	
..	7. Ditto. (Repaid up to 31st March 1932) . . . . .	
..	8. Provincial Loan Account . . . . .	
	(Balance on 1st April 1921 which was treated as an advance to the local Government.)	
..	9. Ditto. (Balances outstanding on 31st March 1932) . . . . .	
..	10. Miscellaneous Government Account (Provincial) . . . . .	(B)
..	11. Provincial Suspense Account. (Balance on 31st March 1932) . . . . .	
..	12. Civil Deposits . . . . .	
..	13. Appropriation for reduction or avoidance of debt . . . . .	
..	14. Depreciation Reserve Funds (Balance on 31st March 1932) . . . . .	
..	15. Famine Relief Fund (ditto) . . . . .	
..	16. Transfer from the Famine Relief Fund (ditto) . . . . .	
..	17. Road Development Account (ditto) . . . . .	
..	18. Closing Balance . . . . .	
..	Total . . . . .	

(B) Miscellaneous Government Account Provincial :—

Total Receipts for 11 years . . . . .

Total Payments for 11 years . . . . .

Net credit . . . . .

[Here should be given explanations of such items included in the above statement as are not sufficiently descriptive, e.g., Miscellaneous



Government Account, Depreciation Reserve Funds, Road Development Account, etc. If however explanations for these items appear elsewhere in the Accounts or Report, a reference to those explanations would be sufficient here.]

*Review of monthly provincial balances.*

28. [The balances at credit of the Government, month by month, during the year under report, should be detailed in the following table and reviewed in order that it may be seen whether these were sufficient for the ordinary needs of administration, and mention should be made of any surplus balances placed by the local Government on deposit with the Government of India.]

Month.	Opening balance.	Receipts.	Expenditure.	Closing balance.
April 1931 . . . . .				
May 1931 . . . . .				
....				
....				
March 1932 . . . . .				

*Review of financial prospects of.....scheme (or project).*

29. [Here will be given a review of the financial position of any big and important productive project under construction in whose case a special accounts investigation has been undertaken by the Accountant General with the object of framing an up to date forecast of its financial prospects in accordance with the instructions separately issued to the Heads of Accounts Offices, vide Auditor General's demi-official letter No. T-528-Admn. 43-32, dated the 18th June 1932.]

*Review of financial results of Irrigation systems.*

(As illustrated below.)

**Illustration.**

30. Works in the Irrigation Department are classified as "Productive" or "Unproductive" according as the net revenue (gross revenue less working expenses) derived from each work on the expiry of ten years from the date of closure of the construction estimate covers or does not cover the prescribed annual interest charges on the capital invested. If a work classed as "Productive" fails to yield the prescribed return in three successive years, it is transferred to the "Unproductive" class. Similarly if a work classed as "Unproductive" succeeds in yielding in three successive years the prescribed return, it is transferred to the "Productive" class.



The abstract below shows the Capital and Revenue accounts of all systems in a simple consolidated form :—

Year.	Direct capital outlay on Irrigation works.				Interest on capital.	Working expenses (direct charges).	Direct Revenue (Public Works receipts).	Net revenue due to Irrigation (revenue realized in the Civil Department).	Net profit (+) or loss (—)	Percentage.
	Outlay at the commencement of the year.	Outlay charged outside the revenue account.	During the year.	Outlay charged to revenue.						
1921-22 . . . . .	..	..	..	..	..	..	..	..	..	..
1922-23 . . . . .	..	..	..	..	..	..	..	..	..	..
1923-24 . . . . .	..	..	..	..	..	..	..	..	..	..
1924-25 . . . . .	..	..	..	..	..	..	..	..	..	..
1925-26 . . . . .	..	..	..	..	..	..	..	..	..	..
1926-27 . . . . .	..	..	..	..	..	..	..	..	..	..
1927-28 . . . . .	..	..	..	..	..	..	..	..	..	..
1928-29 . . . . .	..	..	..	..	..	..	..	..	..	..
1929-30 . . . . .	..	..	..	..	..	..	..	..	..	..
1930-31 . . . . .	..	..	..	..	..	..	..	..	..	..
1931-32 . . . . .	..	..	..	..	..	..	..	..	..	..

The net profit to Government for the year on account of the working of the various irrigation systems works out to 3.48 per cent. on the mean outstanding capital of the year, as against 4.58 per cent. of the previous year. The decrease in the percentage, as compared with the previous year, is due chiefly to the decrease in the revenue from the Cauvery Delta System by Rs. 10.39 lakhs on account of remissions granted as a result of the floods of November 1930. It is, however, observed that though there has been a large addition to the capital at charge, since 1926-27, there has been a decline in the percentage of income as compared with the figures from 1921-22 to 1925-26.



Productive canals in the Province continued to satisfy the conditions of productivity and to yield the relevant return on capital invested during the year with the exception of.....

None of the unproductive canals was transferred to productive class during the year.

*Review of expenditure on residential buildings for government servants.*

31. [The review here should show separately the financial results of building under class I (*i.e.*, buildings ordinarily occupied by officers liable to pay the full standard rent subject to the limit of 10 per cent. of their emoluments) and class II (*i.e.*, buildings ordinarily occupied by officials entitled to accommodation rent free or at reduced rates). The actual maintenance charges for the year under report should also be compared with the annual allowance for maintenance, if any, fixed by the local Government and, in case the actual charges are considerably in excess of the annual allowance, the point should be specially commented upon, if necessary by comparison with similar figures for previous years. If the local Government have issued orders writing down the capital cost of residence [*vide* proviso V (b) to Fundamental Rules 45-A II or 45-B II] the extent of reduction made in the capital cost, should be specifically brought to notice in the Report for the year in which those orders take effect.]

*Review of financial results of other quasi-commercial undertakings.*

32. [If there are *quasi-commercial* undertakings other than those mentioned above a brief review of their working should also be given here ; this should consist of concise remarks of a general nature, which bring out the financial results or draw interesting conclusions from the figures.]

*Review of the working of government commercial undertakings.*

33. [Here will be given a general and comparative synopsis of the financial results of the undertakings as a whole, mentioning also any special features in the working of individual undertakings which are disclosed by the accounts and audit. The Reviews and Accounts of the individual commercial concerns together with the Audit Officer's comments thereon will be brought together for convenience of treatment in a separate Appendix to the Appropriation Accounts.]

*General Review of the Financial Position.*

34. [Here should be given a general review of the financial position of the local Government based upon the facts brought out in this chapter. In these comments the Accountant General need not attempt to discuss the probable financial position of the local Government as disclosed by the Revised Estimates of the current year and the Budget Estimates for the next year. The necessary information in this respect may be communicated to the Auditor General through the covering letter referred to in paragraph 13 of the Appendix.]



CHAPTER III.—GENERAL REVIEW OF THE RESULTS OF AUDIT.

[The subjects dealt with in this chapter should, as far as possible, be arranged in the following order so as to present in their natural sequence the successive changes which the demand presented to the Council has undergone both at the time of the voting of the Demands and subsequently in the course of the year.]

35. REVIEW OF TOTAL DEMAND PLACED BEFORE THE COUNCIL.

REDUCTIONS MADE BY THE LEGISLATURE IN DEMANDS FOR GRANTS AND THE EXTENT TO WHICH THESE REDUCTIONS HAVE BEEN RESPECTED.

36. [Here the Accountant General may give a list of cases in which reductions were made by the Council and if, in any case, he considers that the cut was not respected, a statement of the case with reasons for holding that view should be given.]

RESTORATION BY HIS EXCELLENCY THE GOVERNOR UNDER SECTION 72-D (2) (a) OF THE GOVERNMENT OF INDIA ACT.

37. [Here the Accountant General should give particulars of cases in which His Excellency the Governor restored the reductions made by the Council under Section 72-D (2) (a) of the Government of India Act, with comments on striking cases of failure to spend the sums restored.]

SUPPLEMENTARY GRANTS DURING THE YEAR.

38. [The Accountant General may give here the number of supplementary grants (including token supplementary grants) taken during the year and the total amount voted by the Council under them. If the supplementary grants are not numerous a list of these grants with brief explanations of their purposes may be given, otherwise details of larger grants only need be given in the following form.]

No. and name of Grant and Sub-head.	Date of Vote.	Amount.	Purpose.
* * * * *	..	..	* * * *
* * * * *	..	..	* * * *

AUTHORISATION MADE BY HIS EXCELLENCY THE GOVERNOR UNDER SECTION 72-D (2) (b) OF THE GOVERNMENT OF INDIA ACT.

39. [Here the Accountant General should give particulars of cases in which His Excellency the Governor made authorisations of expenditure under Section 72-D (2) (b) of the Government of India Act with comments on striking cases of failure to spend the sums authorised.]



GENERAL RESULTS OF APPROPRIATION AUDIT.

40. [The following statement comparing the total grants for the year under report with the total disbursements might be usefully employed for the purpose of presenting the general results of Appropriation Audit.]

	Reserved.	Transfer-	Total.
	Rs.	red. Rs.	Rs.
<i>Voted.</i>			
1. Original grant—			
(a) Voted by the Council ( <i>net</i> ) . . . . .	..	..	..
(b) Certified by His Excellency the Governor . . . . .	..	..	..
2. Supplementary grants voted by the Legislative Council . . . . .	..	..	..
3. Authorised by His Excellency the Governor . . . . .	..	..	..
4. Net aggregate grant . . . . .	..	..	..
5. Aggregate disbursements . . . . .	..	..	..
6. Less (—) or more (+) than granted . . . . .	..	..	..
7. Percentage of 6 to 4 . . . . .	..	..	..
<i>Non-voted.</i>			
1. Original Appropriation ( <i>net</i> ) . . . . .	..	..	..
2. Additional appropriation sanctioned by the Finance Department . . . . .	..	..	..
3. Reappropriation by Finance Department . . . . .	..	..	..
4. Surrenders to and withdrawals by Finance Department . . . . .	..	..	..
5. Net aggregate appropriation . . . . .	..	..	..
6. Aggregate disbursements . . . . .	..	..	..
7. Less (—) or more (+) than granted . . . . .	..	..	..
8. Percentage of 7 to 5 . . . . .	..	..	..

41. *Savings on voted grants.*—Savings occurred in.....out of .....voted grants. A list of the more important cases is given below. The causes of these savings have been explained, where necessary, in the appropriation accounts concerned.

Number and name of grant.	Original grant.	Supple- mentary grant.	Final grant.	Expendi- ture.	Savings.	Percent- age of savings.
* * *	..	..	..	..	..	..
* * *	..	..	..	..	..	..

[The Accountant General may comment here on exceptional savings under individual heads.]



42. *Savings on non-voted appropriations.*—Savings also occurred under .....out of.....heads in non-voted appropriations. The more important of these are detailed below :—

Number and name of appropriation.	Original appropriation.	Supplementary appropriation.	Final appropriation.	Expenditure.	Savings.	Percentage of savings.
* *	..	..	..	..	..	..
* *	..	..	..	..	..	..

[The Accountant General may comment here on exceptional savings under individual heads.]

43. *Savings on the voted grants and non-voted appropriations (separately and combined) as compared with previous years.*—The statement furnished below shows how savings in appropriations and grants in the year under report compare with those in previous years :—

						Final appropriations and grants.	Savings.	Percentage of savings.
<i>Non-voted.</i>								
1927-28	.	.	.	.	.	.	..	..
1928-29	.	.	.	.	.	.	..	..
1929-30	.	.	.	.	.	.	..	..
1930-31	.	.	.	.	.	.	..	..
1931-32	.	.	.	.	.	.	..	..
<i>Voted.</i>								
1927-28	.	.	.	.	.	.	..	..
1928-29	.	.	.	.	.	.	..	..
1929-30	.	.	.	.	.	.	..	..
1930-31	.	.	.	.	.	.	..	..
1931-32	.	.	.	.	.	.	..	..
<i>Voted and Non-voted.</i>								
1927-28	.	.	.	.	.	.	..	..
1928-29	.	.	.	.	.	.	..	..
1929-30	.	.	.	.	.	.	..	..
1930-31	.	.	.	.	.	.	..	..
1931-32	.	.	.	.	.	.	..	..

[Here the Accountant General may make such comments as the figures given above may suggest.]



44. *Excesses over voted grants.*—[Here should be given a list of excesses over individual grants requiring regularisation by the legislature with brief reasons which seem to have led to the excess in each case. In determining these excesses it should be remembered that if a single grant or appropriation is divided into an English and an Indian portion, the duty of the India Office Auditor is fulfilled when he satisfies himself that an excess over the English portion is covered by properly sanctioned re-appropriation from the Indian portion. It is for the audit officer in India to deal with a resultant excess over the Indian portion or the grant or appropriation as a whole.]

In deciding whether an excess vote is necessary, the following points should be borne in mind :—

- (1) An excess over the total of a whole voted grant must be regularised by an excess vote, even though it may be covered by re-appropriation from a general reserve included in another grant.
- (2) An excess over the amount appropriated to a sub-head of a voted grant does not require such regularisation unless it be due to expenditure on " a new service " (see paragraph 23 (f) of the Appendix).]

45. *Excesses over non-voted appropriation.*—[The instructions under " Excesses over voted grants " apply here *mutatis mutandis*.]

46. *Excesses over voted grants and non-voted appropriations as compared with previous years.*—[Here the results of the year under report should be compared with the results of four preceding years and necessary comment as regards improvement or otherwise in this respect should be made.]

*General comments on the accuracy of budgeting.*

47. [The Accountant General may make here such general comments of importance on the subject as he deems necessary in the light of the facts brought out in the foregoing portion of this chapter. In order to indicate the standard of budgeting attained by the various departments a statement should be given comparing the percentages of excesses and savings on individual grants for the year under report with those for the four preceding years.]

In addition to any comments, which may be considered necessary on the results brought out in this statement, mention should be made of any measures taken or which have been proposed to prevent over-estimating of expenditure in general or in any particular departments with the Accountant General's views on the efficacy or otherwise of such measures. Any other topics relevant to the subject of accuracy of budgeting may be treated here.]



## CONTROL OVER EXPENDITURE.

48. [The Accountant General may explain here briefly the object in view and the means employed to secure adequate control over expenditure. This may be followed by mentioning any important instances of defective control over expenditure noticed in the Appropriation Accounts for the year which may be grouped under the following categories. Against each category suitable comments may be made, either explaining the defects or emphasising its importance.]

1. Unnecessary supplementary grants.
2. Unnecessary supplementary non-voted appropriations.

3. Re-appropriations obtained unnecessarily or in excess of requirements.... [If the Accountant General has reason to believe, that there is a common practice with some controlling officers to place funds at the disposal of their subordinate disbursing officers too late in the year to be wholly or even partially utilised on the objects for which these allotments are made the matter should be specially and separately dealt with and the evil consequences which may follow from such late allotment of funds should be pointed out.]

4. Injudicious re-appropriations and surrenders causing excess over allotments.

5. Cases of non-surrender of savings with any general comments as regards the standard attained in this respect by the various controlling officers.

6. Cases of unremedied or uncovered excesses.

7. Defective budgeting.... [Here the Accountant General may mention any instances of defective budgeting such as wrong provision of funds, absence of provision, or double provision, etc., if they are considered by him of sufficient importance to warrant mention in the main body of the Report. These cases also indicate defective control over expenditure.]

8. Defective classification and its reaction on control.... [The Accountant General may review here the accuracy of his classification generally, and mention any important cases in which misclassifications have affected results as exhibited in the Appropriation Accounts.]

*General conclusions relating to control of expenditure.*

49. [Here the Accountant General may make general comments as to whether there seems to be any improvement or deterioration in the matter of control of expenditure as compared with previous years. Here may also be mentioned any important measures so far taken to effect improvement in control over expenditure and whether these measures have proved to be effective.]

## FINANCIAL IRREGULARITIES.

*Withdrawals of objection in connection with breaches of canons of financial propriety on the assurance of a report being made to the Public Accounts Committee.*

50. [Here the Accountant General should give a statement of cases (with such comments as he deems necessary) falling under this category.



Then should be mentioned cases falling under any of the following categories with the Accountant General's comments thereon.]

I. *Re-appropriations*—

- (a) from one grant to another ;
- (b) which have to be brought to the notice of the Public Accounts Committee under rule 34 of the Provincial Legislative Council Rules or which involve either substantial deviation from the intention with which the grant was voted or which indicate gravely faulty administration of the grant ;
- (c) from voted to non-voted and *vice-versa* ;
- (d) to provide for expenditure on a " new service " not contemplated in the budget ; and
- (e) which has the effect of increasing the expenditure on an item the provision for which has been specifically reduced by the Council.

II. *Cases*—

- (a) in which expenditure was incurred on objects not approved or specifically disapproved by the Legislative Council or the Finance Committee ;
- (b) in which the incurring of expenditure was authorised in anticipation of the provision of funds by the Legislature.

[In commenting upon cases falling under I (d) above, the Accountant General should explain the procedure followed in order that a body of case law may be evolved for the interpretation of the term " new service ". If any doubtful case of " new service " is brought to the notice of the Public Accounts Committee through the Report, the Accountant General should invariably mention the reasons for holding the view taken by him and the views of the local Government on the subject. No such case should be mentioned in the Report unless the local Government has been given an opportunity to express its views on it. It should also be pointed out that, if in the case in question it is ultimately decided that the expenditure in question is on a " new service ", it will have to be regularised in such manner as may have been decided upon by the Council for regularisation of such expenditure.

The cases mentioned at II (a) above should be mentioned only when the Finance Department has so required or agreed. See paragraph 23(g) of the Appendix.

The cases mentioned at II(b) above need be mentioned only when the Public Accounts Committee has specifically required the Accountant General to do so. In giving this information there should be no suggestion on the part of Audit—either in the Report or in the discussions in the Public Accounts Committee—that there has been any irregularity unless it has not been stated to the Council that the expenditure has been incurred in anticipation. When the legislature has been fully informed of the facts and has voted the demand, it is not in order for either Audit or the Public Accounts Committee to criticise the action of the Council.]



*Other financial irregularities.*

51. [As all individual cases of financial irregularities other than those already mentioned will ordinarily appear under the Appropriation Accounts of the grants concerned in Part II (*vide* paragraph 81 of the Appendix) the Accountant General may mention here only the common types of prevalent irregularity with such general comments as he thinks fit.]

## GENERAL REMEDIAL MEASURES OF IMPORTANCE TAKEN DURING THE YEAR.

52. [Besides mentioning the measures the Accountant General may also make such comments as he may think fit as to their adequacy.]

## OTHER TOPICS OF INTEREST.

53. [Here the Accountant General should mention such matters other than those already mentioned which seem to him to deserve mention. It should be remembered however that what is desired under this heading is only such material as is expected by the Accountant General to be of real and practical interest to a Public Accounts Committee and it should be set forth under suitably descriptive headings. The following matters are cited below as being more important and of common interest.]

*(i) Local Audit and Inspection.*

[Here the Accountant General may mention the number of offices and institutions of the Civil, Public Works and Irrigation Departments test audited during the course of the year, and comment upon the results of such test audits. Any important types of financial irregularity discovered during these test audits as also any important changes in the extent or methods of audit applied to accounts should also be stated. The results of audit of grants-in-aid to local bodies and institutions will also be reported here.]

*(ii) Review of Expenditure of Public Works Department.*

[The comments here may comprise a review of the following :—

1. Establishment and tools and plant charges of the Public Works Department.
2. Recoveries of departmental charges.
3. Suspense transactions of the Public Works Department.
4. Expenditure incurred in March and any irregularities connected with it.]

[Nothing should however be mentioned on any of these subjects in the Report proper unless there is something real or substantial to mention, *e.g.*, when it is proposed to comment on the excessive establishment charges, or on the inadequacy of the rates fixed for departmental charges, or on the serious irregularities due to rush of expenditure in March and so on. Other information which may be deemed necessary by way of explanation of the technical terms or of complicated accounting procedure may be given in the Accountant General's review of one



or other of the Public Works grants included in the Appropriation Accounts (Part II). Even there only such information as is really likely to be of interest to the Public Accounts Committee should be repeated.]

(iii) *Store Accounts.*

[This section will deal with the object of these accounts, the department or departments which may be required to prepare them and the form in which they should be prepared. The information under this head should also be confined to what is necessary and, where possible, points or suggestions should be developed.]

(iv) *Suggestions by audit for economy.*

[If mention is made of cases of this nature, the instructions contained in paragraph 6 of the Auditor General's letter No. 289-Rep. 63-33, dated the 30th October 1933, should be carefully borne in mind, that is to say, only those cases of suggestions by audit for economy should be mentioned which involve important points on which the advice or comment by the Public Accounts Committee would be useful.]

GENERAL COMMENTS ON STATE OF FINANCIAL ADMINISTRATION.

54. [Deductions from preceding matter.]

CHAPTER IV.—POINTS OUTSTANDING FROM PREVIOUS REPORTS.

55. [In this chapter should be dealt with points of importance which are outstanding from previous Appropriation Reports. These will include, firstly, points raised by the Committee on Public Accounts on which the Government has not yet passed orders, and, secondly, points raised in the Reports on which the Committee itself has expressed no views. Where possible, points of the second class should be raised anew by the reporting officer in connection with facts recorded in the accounts of a later year. Where this is impracticable, the nature of the points should, like those of the first class, be briefly but clearly set out in this chapter; and, if they have come under discussion, the present position of the discussions should be indicated.]

The idea underlying this instruction is that only such matters as are really important from the point of view of audit should be mentioned in this chapter of the Report with such comments as the Accountant General may desire to make and consequently it is unnecessary to mention in this chapter points on which satisfactory orders have been issued. It will be for the Finance Department to lay such orders before the Committee on Public Accounts. If, however, the orders issued by the Government on any point raised in or as a result of a past Report appear to the reporting officer to be seriously inadequate, or where the orders once issued are withdrawn and replaced by other, and unsatisfactory, orders, he should seek the approval of the Auditor General before including in his Report a comment to this effect. In such cases also, it will ordinarily be preferable, if practicable, to raise the point afresh, in connection with another year's accounts.]



## PART II.

Appropriation Accounts of sums expended in the year ended 31st March , compared with the sums granted by the legislature in respect of Voted Expenditure and the Finance Department in the case of Non-voted Expenditure.

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NOTE 1.—(a) Non-voted items in the Accounts are shown in italics.

(b) In the Accounts "O" stands for Original Grant or Appropriation. "S" stands for Supplementary Grant or Appropriation.

NOTE 2.—[Here should be given an explanation of the sub-head "Loss or gain by Exchange" in the appropriation accounts and the method of budgeting and control of expenditure in England under the various grants.]



*Grand Summary of Appropriation Accounts by Grants and Appropriations.*

(As in form D.)

[Below the grand summary should be given an audit certificate in the form prescribed in paragraph 52 of the Appendix unless the audit officer deems it necessary to modify it in pursuance of note 2 *ibid.*]

*Appropriation Accounts.*

(As in the form prescribed in paragraph 42 of the Appendix.)

[Appended to each Appropriation Accounts should be comments which the Accountant General may desire to make on budgeting or control of expenditure of the grant concerned, comments on any important financial irregularities, the relevant Stores Accounts, Depreciation Funds Accounts, etc., and any other information which is required to be given in the Appropriation Accounts in accordance with the instructions contained in the Appendix, for example, see paragraphs 62 and 79, thereof. The Trading and Profit and Loss Accounts and Balance Sheets of Government commercial undertakings will not however find a place here as they should be brought together in a separate appendix to the Appropriation Accounts.]



## APPENDIX.

Accounts and Reviews of Commercial Concerns of the Government  
of.....

[In this Appendix the commercial concerns should be grouped together by departments and the Reviews and Accounts relating to each should be arranged, as far as possible, in the following manner :—

## Name of Concern.

- (i) Section I—Financial Review by the Superintendent or Manager of the concern.
- (ii) Section II—Remarks by the Audit Officer.
- (iii) Balance Sheet as at 31st March
- (iv) Trading and Profit and Loss Account for the year ended 31st March
- (v) Stores Accounts, if any.]



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FORMS.

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## FORM A.

[See paragraph 5 of the Annexure.]

*Statement showing the summary of the transactions for the year under report (1931-32).*

		Budget Estimate, 1931-32.	Actuals, 1931-32.	More(+) Less(-).		Budget Estimate, 1931-32.	Actuals, 1931-32.	More (+) Less(-).
<i>Revenue and Service Heads.</i>								
<i>Receipts.</i>					<i>Disbursements.</i>			
Ordinary revenue receipts . . . . .	..	..	..	..	Revenue expenditure . . . . .	..	..	..
Transfer from Famine Relief Fund . . . . .	..	..	..	..	Capital expenditure charged to revenue . . . . .	..	..	..
Extraordinary receipts . . . . .	..	..	..	..	(A) Total expenditure charged to revenue . . . . .	..	..	..
(A) Total revenue receipts . . . . .	..	..	..	..	Capital expenditure not charged to revenue—			
					Forests . . . . .	..	..	..
					Irrigation . . . . .	..	..	..
					* * * * *	..	..	..
					Total capital expenditure . . . . .	..	..	..
<i>Public Debt.</i>								
<i>Incurring.</i>					<i>Discharged.</i>			
Loan raised in the market . . . . .	..	..	..	..	Loan raised in the market (Repayments) . . . . .	..	..	..
Advances from Provincial Loans Fund . . . . .	..	..	..	..	Advances from Provincial Loans Fund (Repayments) . . . . .	..	..	..
Recoveries of Loans and Advances . . . . .	..	..	..	..	Loans and Advances . . . . .	..	..	..



*Deposits and Advances.*

<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Famine Relief Fund . . . . .</td> <td style="width: 5%;">..</td> <td style="width: 5%;">..</td> <td style="width: 5%;">..</td> </tr> <tr> <td>Appropriation for reduction or avoidance of debt—</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Sinking Fund for Provincial Loans .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>    Other appropriations . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Depreciation Reserves of Government Commercial concerns . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Depreciation Reserve Funds . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Transfers from Famine Relief Fund . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Subvention from Central Road Development Account . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Civil Deposits . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Suspense Account—Provincial . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Miscellaneous Government Account . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">Total . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">Total Provincial Receipts . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">(B) Opening Balance . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">GRAND TOTAL . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> </table>	Famine Relief Fund . . . . .	..	..	..	Appropriation for reduction or avoidance of debt—				Sinking Fund for Provincial Loans .	..	..	..	Other appropriations . . . . .	..	..	..	Depreciation Reserves of Government Commercial concerns . . . . .	..	..	..	Depreciation Reserve Funds . . . . .	..	..	..	Transfers from Famine Relief Fund . . . . .	..	..	..	Subvention from Central Road Development Account . . . . .	..	..	..	Civil Deposits . . . . .	..	..	..	Suspense Account—Provincial . . . . .	..	..	..	Miscellaneous Government Account . . . . .	..	..	..	Total . . . . .	..	..	..	Total Provincial Receipts . . . . .	..	..	..	(B) Opening Balance . . . . .	..	..	..	GRAND TOTAL . . . . .	..	..	..	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Famine Relief Fund . . . . .</td> <td style="width: 5%;">..</td> <td style="width: 5%;">..</td> <td style="width: 5%;">..</td> </tr> <tr> <td>Appropriation for reduction or avoidance of debt—</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Sinking Fund for Provincial Loans . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>    Sinking Fund Investment Account . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Depreciation Reserves of Government Commercial concerns . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Depreciation Reserve Funds . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Transfers to Famine Relief Fund—</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Repayment of advances . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Subvention from Central Road Development Account . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Civil Deposits . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Suspense Account—Provincial . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td>Miscellaneous Government Account . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">Total . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">Total Provincial Disbursements . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">(B) Closing Balance . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td style="text-align: right;">GRAND TOTAL . . . . .</td> <td>..</td> <td>..</td> <td>..</td> </tr> </table>	Famine Relief Fund . . . . .	..	..	..	Appropriation for reduction or avoidance of debt—				Sinking Fund for Provincial Loans . . . . .	..	..	..	Sinking Fund Investment Account . . . . .	..	..	..	Depreciation Reserves of Government Commercial concerns . . . . .	..	..	..	Depreciation Reserve Funds . . . . .	..	..	..	Transfers to Famine Relief Fund—				Repayment of advances . . . . .	..	..	..	Subvention from Central Road Development Account . . . . .	..	..	..	Civil Deposits . . . . .	..	..	..	Suspense Account—Provincial . . . . .	..	..	..	Miscellaneous Government Account . . . . .	..	..	..	Total . . . . .	..	..	..	Total Provincial Disbursements . . . . .	..	..	..	(B) Closing Balance . . . . .	..	..	..	GRAND TOTAL . . . . .	..	..	..
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Suspense Account—Provincial . . . . .	..	..	..																																																																																																																										
Miscellaneous Government Account . . . . .	..	..	..																																																																																																																										
Total . . . . .	..	..	..																																																																																																																										
Total Provincial Disbursements . . . . .	..	..	..																																																																																																																										
(B) Closing Balance . . . . .	..	..	..																																																																																																																										
GRAND TOTAL . . . . .	..	..	..																																																																																																																										

(A) Revenue Surplus/Deficit during the year.

(B) Increase/Decrease of provincial balance during the year.





**FORM B.**

[See paragraph 6 of the Annexure.]

Statement showing the progress of revenue and expenditure and the revenue position of the Government of.....  
 .....from 1928-29 onwards.

Heads.	1921-22* to 1927-28.	Actuals.				(In lakhs of Rupees.)
		1928-29.	1929-30.	1930-31.	1931-32.	Budget. 1932-33.
<i>Revenue.</i>						
A. Land Revenue . . . . .						
Excise . . . . .						
Stamps . . . . .						
Other principal heads of revenue . . . . .						
B. Railways . . . . .						
C. Irrigation, etc. . . . .						
E. Interest . . . . .						
F. Civil Administration . . . . .						
8 H. Civil Works . . . . .						
J. Miscellaneous . . . . .						
L. Contribution, etc. (net) . . . . .						
M. Extraordinary Items . . . . .						
<b>Total Revenue</b> . . . . .						
<i>Expenditure.</i>						
A. & A. A. Direct Demands . . . . .						
B. & B. B. Railways . . . . .						
C. & C. C. Irrigation, etc. . . . .						
E. Debt Services . . . . .						
F. Civil Administration . . . . .						
H. Civil Works . . . . .						
J. Miscellaneous . . . . .						
L. Contributions, etc. (net) . . . . .						
M. Extraordinary items . . . . .						
Expenditure in England and Exchange . . . . .						
<b>Total Expenditure</b> . . . . .						



Surplus (+), Deficit (—) . . .  
 Surplus (+), Deficit (—), as per  
 Revised estimate of the year.  
 Surplus (+), Deficit (—), as per  
 Budget estimate of the year.

† *Details of Civil Administration  
 Charges.*

(In thousands of Rupees.)

General Administration . . .  
 Administration of Justice . . .  
 Jails and Convict Settlements . . .  
 Police . . .  
 Ports and Pilotage . . .  
 Scientific Departments . . .  
 Education . . .  
 Medical . . .  
 Public Health . . .  
 Agriculture . . .  
 Industries . . .  
 Miscellaneous Departments . . .

Total .

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Cumulative revenue Surplus/Deficit during the post-Reforms period to end of . . . . .

NOTES.

NOTE 1.—The selection of actual heads of accounts to be given in the statement is left to the discretion of the Accountant General in agreement with the local Government concerned and the heads given above may be regarded as merely illustrative. While Accountants General should thus consult their local Governments about the heads to be included in the statement, they should try, in the interest of brevity, to persuade them to adhere, as far as possible, to the group heads, major heads being entered only when they have any special interest.

NOTE 2.—If any local Government desires that, in order to enable the Public Accounts Committee to see more readily the general accuracy of budgeting, percentages of variation between the budget estimate, the revised and the actuals should also be given here, Accountants General should comply with the request.

NOTE 3.—The figures for the Revised and the Budget Estimates for the current and the following years respectively, which do not appear in this statement, should be furnished to the Auditor General, as soon as they become available, in an official communication with any comments on the basis of these figures which the Principal Auditor may wish to make in addition to the comments already made in his Report on the Appropriation Accounts.

\*In this column only the entry against 'surplus (+) or deficit should (—)' be given.

†To be given when figures in the main table are given by group heads.



## FORM C.

[See paragraph 10 of the Annexure.]

*Statement showing the Capital borrowed by the Government of.....  
up to 31st March 1932 and the way in which it has been utilised.*

Loans taken.	Up to 1930-31.	During 1931-32.	To end of 1931-32.	Outlay from Loans Fund.	Up to 1930-31.	During 1931-32.	To end of 1931-32.
I. Loans raised in the open market	..	..	..	VII. Upon Capital Works :—			
II. Advances from the Provincial Loans Fund :—				(1) Irrigation Works	..	..	..
(1) Pre-reform Provincial Loan Account	..	..	..	(2) Hydro-Electric Development	..	..	..
(2) Pre-reform Irrigation debt	..	..	..	(3) Civil Works	..	..	..
(3) Post-reform advances :—				(4) Forests	..	..	..
Up to 1930-31.	31.	During 1931-32.	To end of 1931-32.	(5) Industries	..	..	..
(i) For productive purposes.				(6) Commuted value of pensions	..	..	..
(ii) To finance revenue deficits.				VIII. Discount on loans raised in the open market	..	..	..
(iii) For other unproductive purposes.							
III. Advances from Famine Relief Fund	..	..	..				
Gross total of loans	..	..	..	Total	..	..	..



IV. Deduct—Repayment of loans :—  
 A. Raised in the open market . . . . .  
 B. Taken from the Provincial Loans Fund :—

	Up to	During	To
	1930-	1931-	end of
	31.	32.	1931-
			32.

- (i) For productive purposes.
- (ii) To finance revenue deficits.
- (iii) For other unproductive purposes.

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C. Taken from Fund	from	Famine	Relief			
				..	..	..
Total				..	..	..
Net loans outstanding				..	..	..
V. Deduct—Accumulations in Sinking Funds				..	..	..
VI. Net liabilities			(A)	..	..	..

IX. Outstanding amount of loans borrowed to meet revenue deficits (B) . . . . .

Total outlay (C) . . . . .

X. Outstanding loans and advances by Provincial Government (D) . . . . .

Total . . . . .

XI. Add—(1) Sums held in Provincial balances (E) . . . . .

(2) Borrowed funds devoted to revenue purposes apart from loans specifically raised to cover revenue deficits (F) . . . . .

XII. Deduct—Contribution from revenue towards capital expenditure (G) . . . . .

Total (H) . . . . .

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*Explanatory Note.*—The figure at (H) will agree with the figure at (A). If (C)+(D) are greater than (A) the difference will be eliminated by showing its amounts as a "Deduct" entry under (G), if (C) + (D) are less than (A), (E) will be filled in; and if the provincial balance is not sufficient to cover the deficit, there will be an entry under (F) also.



## FORM D.

[See paragraph 41 of the Appendix.]

## Grand Summary of Appropriation Accounts by Grants and Appropriations.

Page.	Number and name of grant or appropriation.	Grant or Appropriation.	Expenditure.	Expenditure compared with grant or appropriation.	
				Less than granted.	More than granted.
		Rs.	Rs.	Rs.	Rs.
45.	1. Land Revenue—Reserved and Transferred—				
		Voted . . . . .	..	..	..
		Non-voted . . . . .	..	..	..
53.	2. Stamps—Reserved—				
		Voted . . . . .	..	..	..
		Non-voted . . . . .	..	..	..
55.	3. Forests—Reserved—				
		Voted . . . . .	..	..	..
		Non-voted . . . . .	..	..	..
	* * * * *	* * * * *	..	..	..
	* * * * *	* * * * *	..	..	..
..	14. Interest on Irrigation Capital Outlay—				
		Non-voted . . . . .	..	..	..
..	19. Interest on ordinary debt—				
		Non-voted . . . . .	..	..	..
..	20. Interest on other obligations—				
		Non-voted . . . . .	..	..	..
..	21. Reduction or Avoidance of debt—				
		Non-voted . . . . .	..	..	..
..	Islands—				
		Non-voted. . . . .	..	..	..
	Total Reserved . . . . .	{ Voted . . . . .	..	..	..
		{ Non-voted . . . . .	..	..	..
	Total Transferred . . . . .	{ Voted . . . . .	..	..	..
		{ Non-voted . . . . .	..	..	..
	Totals . . . . .	{ Voted . . . . .	..	..	..
		{ Non-voted . . . . .	..	..	..
	GRAND TOTAL . . . . .		..	..	..
Amounts of Excesses to be covered by excess grants or appropriations—					
	Voted . . . . .				Rs.
	Non-voted . . . . .				..
				Total . . . . .	..



## FORM E.

[See paragraph 42 of the Appendix.]

## Grant No. 23.—Agriculture—Transferred.

Major Head and Sub-head.	Final Grant or Appropriation.	Actual Expenditure.	Excess + Saving —.	Net modification by re-appropriation withdrawal or surrender.	Remainder un-adjusted (+, or —).
	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
Major Head "34.—Agriculture".					
A.—1. Superintendence—					
Non-voted—					
O. . . . .	61,000	60,500	48,220	—12,280	—12,910
S. (a) . . . . .	—500				
Voted . . . . .	62,000	65,879	+3,879	+4,945	—1,066
		Explanatory note.			
A.—2. Agricultural Research—					
Voted—					
O. . . . .	11,47,000	11,68,000	11,55,348	—13,652	—12,000
S. (b) . . . . .	21,000				
G.—Deduct—Recoveries	—41,016	—56,946	—15,930	..	—15,930
		Explanatory note.			
Totals—					
Non-voted . . . . .	2,57,961	2,27,001	—30,960	—30,517	—443
Voted—					
Gross . . . . .	26,51,016	25,71,352	—79,664	—13,761	—65,903
Deductions . . . . .	—41,016	—56,946	—15,930	..	—15,930
Net . . . . .	26,10,000	25,14,406	—95,594	—13,761	—81,833

(a) Sanctioned on 30th March 1928.

(b) Voted by the Legislative Council on 27th February 1928.



INSTRUCTIONS FOR THE COMPILATION OF APPROPRIATION ACCOUNTS IN  
FORM E.

1. *Heading of Page.*—The number and title of the grant or appropriation should be set out at the top of each page.

2. *Column 1.*—(a) The number and title of the major head should be given at the head of the column on each page.

(b) For each sub-head, non-voted figures should be given first in italics, followed by any explanatory note that may be necessary. Below these should come the voted figures, in ordinary Roman type, followed by an explanatory note.

(c) Where a supplementary grant has been voted, the amounts of the original and supplementary grants should be shown one below the other, prefixed by the letters "O" and "S", in this column. In the case of non-voted appropriations, any additional allotment or re-appropriation sanctioned by the Finance Department should be shown as "Supplementary" in this column, while withdrawals made or surrenders accepted by that Department should be similarly shewn but prefixed by a *minus* sign.

(d) The date on which a supplementary grant was voted, or a supplementary non-voted appropriation sanctioned by the Finance Department, should invariably be shewn in a footnote at the bottom of the page.

3. *Column 2.*—In this column should be entered the sum of the figures given against "O" and "S" in column 1, or, if there have been no supplementaries, the amount of the original grant.

4. *Column 3.*—Here should be inserted the final figures of expenditure against the sub-head, as recorded in the general accounts of the year.

5. *Column 4.*—The amount to be recorded in this column is the amount by which the figures in column 3 exceed (+) or fall short of (—) those in column 2.

6. *Column 5.*—In this column should be shewn, against voted items, the *net* result of all re-appropriations to and from the sub-head and of withdrawals and surrenders from the provision made under it. In the case of non-voted items, all that should be shewn is re-appropriations sanctioned by authorities other than the Finance Department.

7. *Column 6.*—Here will be entered the amount by which the expenditure recorded in column 3 exceeds (+) or falls short of (—) the total of the figures in columns 2 and 5.



**FORM F.**

[See paragraph 50 of the Appendix.]

**INDEX.**

*Analysis under Grants or Appropriations of the Report on the Accounts  
showing to which accounts specific reference is made in the Report.*

No. and title of Grant or Appropriation.	Report.		No. and title of Grant or Appropriation.	Report.	
	Page.	Paragraph.		Page.	Paragraph.



## FORM G.

[See paragraph 64(b) of the Appendix.]

*Detailed statement of expenditure on important new works.*

Serial No.	Service.	Grant or Appropriation.	Expenditure.	Balance.		Net modification by re-appropriation, withdrawal or surrender.	Remainder un-adjusted + or -.
				Un-expended.	Excess.		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>I.—Major Works above Rs.....* for which specific provision was made in the Budget.</i>							
74	<i>(a) Estimated to cost above Rs. ....*—</i>						
1	Extension of the District Prison . . . . .	1,00,000	49,522	50,478	..	..	-50,478
2	Laboratories at the..... . . . .	21,200	30,672	..	9,472	+9,472	..
3	. . . . .						
4	. . . . .						
<i>(b) Originally estimated to cost Rs. ....* or less but now estimated to cost above Rs. ....*—</i>							
[To be detailed as at (a) above.]							
<i>II.—Other Major Works for which specific provision was made in the Budget—</i>							
(Collectively.)							

Substitute the following







Substitute the following for this form as amended by correction slip No. 45, dated the 1st February 1936, retaining the existing footnote and sample explanatory notes :—

**FORM G.**

[See paragraph 64 (b) of the Appendix.]

*Detailed statement of expenditure on important new works.*

Description of work.	Original appropria- tion.	Modified appropria- tion.	Expendi- ture.	Outlay compared with.	
				Original appro- priation. More + Less -.	Modified appro- priation. More + Less -.
1	2	3	4	5	6
<b>I. Major Works above Rs.....</b>					
.....* for which specific provision was made in the Budget—					
(a) Estimated to cost above Rs. .....*					
1. Extension of the District pri- son.	1,00,000	1,00,000	49,522 - 50,478	-50,478	
2. Laboratories at the .....	21,200	30,672	Explanatory note. 30,672 .. ..	..	..
3. ....			Explanatory note.		
4. ....					
(b) Originally estimated to cost Rs. ....* or less but now estimated to cost above Rs. ....*					
[To be detailed as at (a) above.]					
<b>II. Other Major Works for which specific provision was made in the Budget—</b>					
(Collectively.)					
<b>III. Major Works for which specific provision was not made in the Budget—</b>					
[To be detailed as at I (a) above.]					
<b>IV. Minor Works—</b>					
(Collectively.)					
Non-voted	10,000	6,500	6,345 -3,655	-155	
Voted	50,000	61,000	Explanatory note. 63,399 + 13,399	+2,399	
			Explanatory note.		



corrected to appendix 16 White Audit Code,  
2nd. Edition (Revised).

nos. 57-58. posted one  
no. 59 posted. 19.3.38. 8.2.38.  
no. 60 posted one  
17.3.38.  
nos. 61-62, posted two  
19.3.38.