CHAPTEF V

ESTIMATES OF EXPENDITURE

General Instructions

32. As explained in Chapter VI the estimating and controlling officers should furnish revised estimates under all sub-heads of appropriations including "Pay of Officers" and "Pay of Establishment."

33. In framing the budget estimate no new expenditure, i.e., expenditure of a nature for which no provision exists in the current year's budget, should be included by the Estimating Officer in the budget for the coming year. Except in the case of such items as temporary establishments of Honorary Magistrates, etc., sanctioned charges or new items which require the sanction of Government should not be included in the budget. Even cases in which sanction has been applied for should not be included, but a separate memorandum of such cases may be attached to the budget estimate to enable the Finance Department to include such of them as are sanctioned.

34. The fact that expenditure has been sanctioned in former years is not by itself sufficient ground for inclusion of the same item or the same amount in the estimate. Each item must be properly scrutinised.

35. The estimate should be for charges which will be paid during the year, including arrears from previous years and not only for liabilities falling due during the years. The fluctuating items should be estimated on a consideration of the last three years' actuals. Gross charges must be shown, and unless there are special instructions to the contrary, no deduction be made for recoveries. See Appendix D.

36. Charges which it is impossible to distribute under the appropriate sub-heads of appropriation and detailed heads, may as a special case be estimated in lumpsum. Such lumpsum will be taken by the Finance Department to the appropriate sub-heads. Provisions for a scheme which has not been elaborated and sanctioned should not be proposed, while if the scheme is ripe and has been submitted for sanction the
requisite details should be furnished in a separate memorandum to enable the Finance Department to provide for it under the relevant head or heads.

37. Savings in grants allotted for expenditure in a financial year cannot be utilised for expenditure in the succeeding year. If, however, expenditure for a specific purpose, payable in a year, was not claimed in the year, and is required to be disbursed in the succeeding year, the necessary provision for the charge should be made in the estimates and a note made against the entry in the estimates explaining the cause of the increased provision. It is of great importance that expenditure estimated should be accurately framed, that no charge which will have to be incurred should be omitted and that programmes involving new expenditure should be carefully worked out and submitted well in advance of the estimates (See also paragraph 53).

Pay of Officers and Pay of Establishment

38. The charges falling under the sub-heads of appropriations “Pay of Officers” and “Pay of Establishment” will be estimated by heads of departments in the case of officers borne on a State cadre, and by estimating officers for other establishments. The whole sanctioned strength, both permanent and temporary, should be provided for under the different classes of establishment, the numbers and dates of pay being shown in the estimates supported by a statement in Form No.1 showing the actual pay drawn by each incumbent.

39. All additions to pay classed as special pay should be included, but all additions classed as compensatory allowances (e.g., conveyance allowance, house rent allowance, etc.) should be excluded as they are to be separately estimated for under “Allowance and honoraria” where this is shown as a separate unit of appropriation. The estimate will allow for the increments to be drawn during the year. A lumpsum will be estimated for leave salary to be drawn in India when it is anticipated that excesses due to the payment of such salary are likely to exceed probable saving due to absence or other causes. This will generally occur only when the service contains no leave reserve, and not in the case of a district amalgamated establishment for which there is a leave and training reserve not entitled to officiating pay. If owing to post being held in abeyance, leave or temporary vacancies, it is anticipated that there will be
saving these will be estimated in a lump sum by the controlling officer, this lump sum will be taken by the Finance Department to an appropriate sub-head or sub-heads in the estimates as convenient. A lump sum may also be estimated for temporary establishments usually entertained; any increase in this amount over that of the current year must be fully explained. Leave salaries and sterling overseas pay payable in England should be included in the departmental estimates but shown separately and excluded from the provision for "Pay of Officers" and "Pay of Establishment", as they are to be separately provided by the Finance Department under a separate minor head "Charges in England."

40. If an establishment is sanctioned for one year from 1st April the charge for the last month will become due when the next year has commenced and should be taken against the grant for that year and provision therefore made accordingly.

41. When a Government servant is holding a temporary or an officiating post, his pay should be provided for in the budget of the department in which he is actually serving; but when such an officer goes on leave, his leave salary should be provided in the budget of the department to which his substantive post belongs. For instance if an Assistant Commissioner, appointed to the temporary or officiating post of Settlement Officer, proceeds on leave, his leave salary should be debited to the head "25—General Administration" and not to the head "7—Land Revenue". If however, the officer is likely to return to the temporary or officiating appointment on the expiry of his leave the leave salary may be debited to the same head to which the pay of the temporary or officiating appointment is debited, provided that on each occasion the authority sanctioning the leave certifies that the officer proceeding on leave is likely to return to the temporary or officiating post.

Allowances and Honoraria and contingencies.

42. Compensatory allowances will in all cases be estimated under the sub-head of appropriation "Allowances and Honoraria" even when drawn for menials and inferior servants. When such allowances are paid to casual employees the charge is debitable to the head "contract contingency". Where, however, such charges are incurred by disbursing officers in
respect of heads of account for which no contract has been made, they should be debited to the head "non contract contingencies".

43. Passages are not attached to appointments but to services. Provision for cost of passages should therefore, be made, in the case of an officer holding a temporary or officiating post under the head to which his substantive pay is debitable. For instance, in the case of an Assistant Commissioner holding the officiating post of Director of Land Records or Secretary, Finance, the debit on account of his passage should be to "25-General Administration-District Administration-General Establishment", while in the case of an officer holding substantively the post of Director of Land Records or Secretary, Finance, the debit should be in the case of Director of Land Records to "25-General Administration-Director of Land Records" and in the case of Secretary, Finance to "25-General Administration-Secretariat and Headquarters Establishment-Civil Secretariat".

44. Any excess over the current year's figures in the estimate for charges falling under the sub-heads of appropriation "Allowances and honoraria", and "Contingencies" must be adequately explained. The current year's figures should not be taken blindly but should be modified to allow for any special factor involved either in the current year or in the next.

45. The estimate for "Contract contingencies" will in the case of contracts sanctioned for a period of years, be the sanctioned contract. If there has been an excess or a saving in the previous year, or if a definite excess or saving is contemplated in the revised estimate, this should be explained in the budget notes. The adjustment will be made by the Finance Department, and no re-imbursement of lapses can be allowed unless the probability of the laps has been so brought to the attention of that Department and correct particulars furnished. In the case of contracts sanctioned annually any estimate in excess of the current year's allotment must be fully explained.

46. Charged items must in all cases be entered in red ink (See Appendix E).

Other Items

47. Estimates for grants-in-aid, establishment charges payable to other Government and recoveries in reduction of
PART-II A

Para-1 (A) Excess drawal of Pay and Allowances and misappropriation of Govt. money (Rs. 16.66 crore)

The Commandant, 3rd APBn, Titabor detected overdrawal of pay and allowances of Rs. 18.39 lakh through a check exercised on the Acquittance Roll submitted (Rs. 22.30 lakh) by Sri Lankeswar Das, S. M. against the pay cheque (Rs. 40.69 lakh) issued to him for disbursement of salaries for the month of June, 2006. As Sri Das retained the amount in hand with malafide intention, an FIR was lodged vide letter no. BN/3/R/01/2006/212 dt. 15.08.06 with the officer-in-charge, Titabor Police Station against 3 officials involved in cash matters of the office. Subsequently a criminal case (no. 79/06 u/s 409/420/120 (B) IPC) was registered vide supplementary ejahar dtd. 20.08.06. The Police with the help of state CID seized all the relevant records relating to the drawal and disbursement of pay and allowances of the staff of the office and kept in the Police custody of Titabor Police Station. The Police has so far recovered and seized Rs. 14,34,683. The challan in support of the deposit of the amount to the Govt. a/c, however, could not be made available to audit.

It was observed in audit that excess drawals of pay and allowances through the Pay Bills of HAV/NK/LNK/Constable had been continuously made in the 3rd APBn every month since long back. A check as regards actual requirement of money for disbursement of salaries to the said categories of staff based on the actual strength (men-in-position), Pay Chart and Pay Record Registers etc. with that of Pay Bills/Pay Bill Copy Books and moneys drawn from treasury, was exercised and detected that a minimum of Rs.16.66 crore was drawn in excess over a period of 75 months between April 2000 and June 2006 as indicated in Annexure-'A' enclosed.

It was noticed that all moneys received from treasury were disbursed to several officials through pay cheques for onward disbursement to the Battalion personnel (Platoon wise) stationed at HQr, and outskirts. The cashbook disclosed that the moneys drawn in excess were never returned and accounted for. This clearly shows that the entire excess drawal of Rs. 16.66 crore as mentioned above, was misappropriated.
In connection with the fraudulent drawal and mis-appropriation of Govt. money as mentioned above, the following observations are made-

(1) The pay bills were prepared and drawn without recording the budget provision and expenditure incurred up to the previous month. The sanctioned strength of each category of staff and men-in-position against each as required were also not recorded. The allowance admissible and the deductions made were shown in lump/consolidated manner without showing employee wise details in inner sheet. It was not clear as to how the DDOs concerned as well as the treasury officers passed the bills for drawal without insisting to rectify the irregularities.

(2) The pay bills disclosed that the excess drawal were made by inflating number of employees (in inner column) in respect of constables only in certain category of pay. It is surprising as to how such manipulation in the bills escaped the notice of the DDOs concerned as well as treasury officer for years together.

(3) As per rule-95 of Assam Financial Rule, the head of office is personally responsible for accounting all moneys received and disbursed. In the instant case, no check was found exercised as regards actual requirement of money for payment of salaries with reference to men-in-position nor any check was exercised in regard actual disbursement with reference to pay cheques issued and Acquittance Roll received. Had this been done, the matter of defalcation of Govt. money could have been detected easily.

(4) The bill copy book beyond March 2003 was not at all maintained and could be made available. Check on the Bill Copy Book prepared for the period from March 2000 to March 2003 revealed that except pay bills of NK/LNK/constable, the pay bills of other officers and staff were copied down in details in the Bill copy books. Only the gross amount of pay, allowances admissible and the deductions made in respect of NK/LNK/constable were noted in a consolidated manner. This was perhaps done in malafide intention. It was not clear as to how the DDOs concerned signed the Bill copy book without checking details of pay and allowances of the said three category of staff. It was also not clear as to how the bills were passed for payment without insisting submission of Bill Copy Book for the months from April 2003 onwards.
5

(5) It has been observed that one HAV/Hony. ABSI Sri Dadul Borah who held the post of the Motor Transport officer (MTO) of the Battalion was entrusted (as Treasury Jamadar) to draw money from Treasury/Bank since September’ 1997 till his retirement (June’2006) and was paid huge sums every months to him in his 2 capacity one as HAV/ABSI Sri Dadul Borah and other as MTO Sri Dadul Borah for disbursement of salaries to the employees stationed at headquarter and at Guwahati. It appears from the records available that he was also entrusted to prepare pay bills and pay rolls etc. of the officers and staff of the Battalion. As per information furnished, the Internal Audit party which visited o/o the Commandant, 3rd APBn in June’ 2006 for conducting audit for the period beyond 2004-05 returned without conducting the audit as all the vital records (Bill Register, Cash Book, RCs & PCs etc) were found under lock and key under the custody of Sri Dadul Borah and who was on leave. This proves that the entire cash matters of the 3rd Battalion were dealt by the Hony. ABSI Sri Dadul Borah. The reason behind such entrustment to an Armed Branch Police personnel for such a long period when there were regular Accountant and Head Assistant in the office, was neither on record nor could be stated.

(6) The matter of defalcation of Govt. money in 3rd. APBn came to light in March’ 2002 with a complaint lodged with the Assam Human Rights Commission (AHRC) by several residents of Titabor against the then Commandant and Sri Dadul Borah, HAV/ABSI and again in November 2002 with the allegation levelled against Sri Dadul Borah, HAV/ABSI by some unidentified Police personnel of the 3rd APBn. But the cases were closed by the Commandants concerned with the submission of some vague reports to the higher authorities without making proper scrutiny. No action to remove/relieve Sri Borah from the duties of handing cash was initiated. Had an examination of records conducted in the light of complaint lodged with the AHRC, the way by which the defalcations were made, could have been easily detected.

(7) The Internal Audit which is an integral part of the Internal Control system of the department and which exercises cent percent check conducted the audit of the accounts of the commandant for the period upto 2003-04 but failed to detect the overdrawals and misappropriation of Govt. money.

(8) According to Budget Manual, the actuals of previous years and the revised estimates ordinarily form best guide in framing budget estimates, but the said
principles were never followed and the estimates were prepared (in ‘L’ Form) on the basis of the sanctioned strength taking all vacant posts into account year after year though manpower particularly in t/o constables were decreasing with the retirements every month/year. These vacant posts were not filled up since long time but fund was provided as per demand in some years in excess of the demand. The position of demand and surplus allotment made under salary head for the years from 2000-01 to 2005-06 were as indicated below-

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget estimates submitted by 3rd APBn.</th>
<th>Allotment made</th>
<th>Surplus allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>1108.55</td>
<td>1000.00</td>
<td>-</td>
</tr>
<tr>
<td>2001-02</td>
<td>828.16</td>
<td>900.00</td>
<td>71.84</td>
</tr>
<tr>
<td>2002-03</td>
<td>1014.59</td>
<td>1080.00</td>
<td>65.41</td>
</tr>
<tr>
<td>2003-04</td>
<td>1003.05</td>
<td>1105.00</td>
<td>101.05</td>
</tr>
<tr>
<td>2004-05</td>
<td>1143.05</td>
<td>1264.61</td>
<td>121.56</td>
</tr>
<tr>
<td>2005-06</td>
<td>1274.60</td>
<td>1104.47</td>
<td>-</td>
</tr>
</tbody>
</table>

The amount of surplus budget would be more if allotment made for the vacant posts is taken into account. This surplus budget had definitely helped in committing the criminal conspiracy of mis-appropriating the Govt. money. The reason behind excess allotment for the years from 2001-02 to 2004-05 as shown above was not on record and needs to be elucidated.

(9) The monthly expenditure statements were regularly received by the controlling officer (DGP) from the 3rd APBn and compiled in the Expenditure Register. But neither these were sent to the Finance Department nor any scrutiny was made at CO’s level. Had a comparative study of the expenditure on salary of 3rd APBn been made with the expenditure of other similar Unit/Battalion having similar manpower/strength, the reason of such huge excess expenditure could have been detected.

Thus, failure of Budgetory Control, Manpower Management Control and Internal Control system at DDO’s level and controlling officer’s level led the door open for mis-appropriation of Govt. money as pointed out above.
(B) Release of excess amount for disbursement of salary without assessment in regard to actual requirement and non-submission corresponding A/Roll.

In connection with the fraudulent drawal and mis-appropriation of Govt. Money as mentioned above, it was noticed that an amount of Rs. 3507.78 lakh was paid to the followings 3 officials through pay cheques (PCs) (as per cashbook) during the years from 2001-02 to 2006-07 (May’2006) for disbursement of salaries to the battalion personnel against which Acquittance Roll for an amount of Rs.1549.96 lakh were submitted by the concerned officials as indicated below. No record to show the actual utilization of the balance amount of Rs. 1957.82 lakh or refund of the amount could be made available to audit.

The details of year wise payment made and A/Roll received are shown in Annexure B enclosed.

It needs to be mentioned that no check was ever exercised by the DDO as per provisions of the Assam Financial Rule to see the actual requirement of money for payment of salaries to the staff of the unit nor any check was exercised on the A/Roll received with reference to PCs issued. The matter needs to be investigated to ascertain actual amount paid to the individual concerned and A/Roll received since 1997-98 under intimation to audit.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Officials to whom paid for disbursement</th>
<th>Amount paid (Rs.)</th>
<th>Amount for which A/Roll received (Rs.)</th>
<th>Balance (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sri Dadul Borah. MTO/ABSI</td>
<td>24,32,96,165/-</td>
<td>8,39,00,529/-</td>
<td>15,93,95,636/-</td>
</tr>
<tr>
<td>2</td>
<td>Sri Nripen Sarma. J. A.</td>
<td>3,21,10,549/-</td>
<td>1,80,99,863/-</td>
<td>1,40,10,682/-</td>
</tr>
<tr>
<td>3</td>
<td>Sri Gunin Gohain. W/c.</td>
<td>7,53,70,924/-</td>
<td>5,29,95,275/-</td>
<td>2,23,75,647/-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>35,07,77,638/-</td>
<td>15,49,95,673/-</td>
<td>19,57,81,965/-</td>
</tr>
</tbody>
</table>

Mema No. 13.11/35/29/2006 07/6058 6071 77
21.12.06
Apart from the above, it was noticed from the Cashbook that the following officials of the 3rd APBn were also paid significant amount from time to time since 1997-98.

1. Shri S.R. Das, Wing commander
2. Shri Profulla Borah, Havildar
3. P. K. Mahanta, Wing commander
4. Head Assistant of 3rd APBn.
5. Shri Padmadhar Gogoi.

A scrutiny as regards A/Roll received from them with reference to PCs issued may please be made and the position intimated to audit.

The entire matter is brought to the notice of the Director General of Police, Assam as well as to the Government for comments.