

**GOVERNMENT OF ORISSA
FINANCE DEPARTMENT**

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From

Shri R. N. Senapati, I.A.S.
Principal Secretary to Govt.

To

All Principal Secretaries/Secretaries to Government
All Heads of Departments

Sub: ***Regulation of Expenditure out of the Annual Budget for the year 2007-08***

Sir/Madam,

I am directed to say that the Appropriation Bill for the financial year 2007-08 has been passed by the State Legislature and enacted. The Administrative Departments are now authorised to incur expenditure on the basis of the provisions made in the ***Annual Budget for 2007-08.***

2. The Administrative Departments have been, in the meanwhile, requested to draw up a monitorable monthly target of non-plan and plan expenditure so as to reach the level of expenditure provided in the Annual Budget. This monthly target should be further allocated among the Controlling Officers and Drawing & Disbursing Officers for effective monitoring of expenditure. In the first year of the 11th Five Year Plan, the Annual Plan outlay has been fixed at Rs.5105.00 crore which represents a sizeable increase over the previous year. Hence it is necessary to take effective steps from the beginning of the year to achieve full expenditure of the Plan Outlay.

3. The thrust would be on **outcomes** by utilizing the budgeted outlays in a planned time schedule. Resources should flow in such a manner that maximum number of projects gets completed and returns flow back to the economy to enable the State Government to ensure greater flow of funds from Government of India and other sources. **The completion of incomplete projects identified under Zero Based Investment Review should get top-most priority. The identified projects are enlisted at page 237 - 248 of Budget at a Glance 2007-08.**

4. In keeping with the above mentioned objectives, while sanctioning funds, the Administrative Departments are required to observe the following guidelines.

Guiding principles for implementation of the Annual Budget 2007-08 - Need for Maximum Output.

- (i) The Secretaries of Administrative Departments should ensure that there is adequate progress in collection of State's own revenue as per the targets set by the Chief Secretary. These targets fixed by Chief Secretary are the minimum which the concerned Departments must achieve. Unless this is achieved, the fiscal targets fixed in the Annual Budget of 2007-08 may not be achieved and in that case there may be failure in getting central support, loans for structural adjustment and debt relief.
- (ii) The Secretaries of Revenue earning Departments like Excise, Transport, Energy, Revenue & Disaster Management, Forest & Environment, Steel & Mines, Water Resources, H&UD etc. are to work out month wise break up of the annual target

fixed by the Chief Secretary and communicate the same to the field units under intimation to the Finance Department. They are to review the collection of revenue on monthly basis and take remedial measures in the next month to make good the shortfall, if any.

- (iii) **In terms of the provisions of the Fiscal Responsibility and Budget Management Act, 2005, the Secretary of each Administrative Department should take steps to curtail unproductive expenditure, enhance revenues and channelize more resources for faster economic development of the State. They should also ensure achievement of revenue target, particularly collection of arrear revenues, timely utilization of Central Assistance and submission of Utilization Certificate at regular interval, completion of projects identified under Zero Based Investment Review, systematic follow up action for compliance to the audit observations and recommendations of the Standing Committee etc as these items would come up for close scrutiny by the Legislature and the Public Accounts Committee.**
- (iv) **Creation of Capital Assets & Reduction of Non Plan Revenue Expenditure:- Close attention should be paid to expenditure on creation of capital assets, completion of projects, reduction in unproductive Non-Plan Revenue Expenditure and in cost of operation of various services.**
- (v) **The funds should be released basing on definite action plan for achieving the target fixed for the year. The Secretaries of Administrative Departments are requested to review physical achievement against expenditure by 15th of every month for which quantifiable quarterly targets should be fixed from the beginning of the year for better monitoring.**
- (vi) **Statutory dues viz. Sales Tax, Municipal Tax, compensation for land acquisition etc. as well as electricity dues and Rents, Rates and Taxes etc. should be cleared on the basis of provision made in the Budget as and when due after due verification and scrutiny. If any delayed payment surcharge is levied, it would be the personal responsibility of the concerned Head of Office/DDO. Current Municipal taxes, Electricity and telephone charges including undisputed arrears should be paid in time out of the existing budget provision and rebate where-ever available should be availed.**
- (vii) **The allocation for the year under M.V., Telephone, T.E. and office expenses shall be so distributed that it lasts till the end of the financial year.**
- (viii) **While releasing funds, priority should be given for programmes/schemes where expenditure is reimbursible and for completion of the incomplete projects, especially completion of the projects identified by the Administrative Department under the Zero Based Investment Review.**
- (ix) **The maintenance expenditure under Non Plan for Roads, Buildings, Urban Water Supply, Rural Water Supply, Major Medium & Minor Irrigation, Flood Control work etc. should be invariably linked to specific assets and certificate regarding proper utilization may be obtained from the beneficiaries/users. Identification of work, estimates, tendering and execution thereof should be expedited.**

5. Expenditure with respect to outlays provided for specific work programmes under Normal State Plan schemes like Biju KBK, Gopabandhu Gramin Yojna (GGY), Biju Jyoti, BKVY etc is to be expedited. At the same time, the expenditure under the following resource tied schemes should be given utmost priority and necessary steps taken from the

**Prioritisation
of expenditure**

beginning of the financial year to ensure optimum utilization of the provisions instead of keeping them unutilized till the fag end of the year and then seeking concurrence of Finance Department for Civil Deposit.

- i) Externally Aided Projects under State Plan
- ii) RIDF projects under State Plan
- iii) All Resource Tied up schemes of State Plan like ACA for KBK, Backward Region Grant Fund, Tribal Sub-Plan, National Programme for Adolescent Girls, National Social Assistance Programme, National E - Governance Action Plan, Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Accelerated Power Development Reform Programme, Grants under 1st Proviso to Article 275(1) of the Constitution, AIBP, One Time ACA and 12th Finance Commission recommended grants for Heritage Conservation, Panchayatiraj Institutions, Urban Local Bodies, Consolidation & Strengthening work in the Chilka Lake, Development of Comprehensive Sewerage System in the Capital City of Bhubaneswar, utilization of grant for Health, Education, Maintenance grant for Roads & Bridges , Buildings and Forests.
- iv) CSP & CP schemes
- v) Modernisation of Police force, Prison administration and security related expenditure under Non-Plan.
- vi) Relief expenditure

Submission
of
Utilisation
Certificate

6.1. Government of India, in the Ministry of Finance, Department of Expenditure in para-IV of their Office Memorandum No.7(3)E(00RD)/2006 dt.22.07.06 and in para-IV of O & M No.7(3)E-COORD/2006 dt.08.08.06 have stipulated that no amount will be released to any State Government which has defaulted in furnishing UC for grant-in-aid released by Central Government in the past without clearance from the Ministry of Finance. The State Governments are required to furnish monthly returns of plan expenditure to respective Ministries/Departments along with report on amounts outstanding in the Public Account in respect of Central Assistance and Centrally Sponsored Schemes. Accordingly, all Departments have been requested for submission of UC in respect of central assistance pending as on 01.04.06 vide Finance Department letter No.42466 dt.12.10.06 . The Chief Secretary has emphasized on faster utilization of Central Assistance and submission of UC, in his DO letter No.40611 dt.26.09.06, addressed to the Secretaries of all Departments. The Chief Secretary has also instructed all Secretaries to Govt. in his D.O. Letter No.11213(38)/F dt.14.03.2007 to closely monitor the pace of expenditure and for submission of utilization certificates so as to leverage more Central Assistance. These instructions are also to be meticulously followed in the current financial year.

6.2. While scrutinizing proposals for sanction of expenditure during the year 2007-08, the progress of submission of Utilization Certificate in respect of expenditure incurred up to the preceding month and expenditure incurred during 2006-07 should be reviewed.

6.3. In respect of Central Plan and Centrally Sponsored Plan Schemes as well as any new programmes/schemes launched by Government of India, the release of central assistance should be vigorously pursued with the Line Ministries. **The release of Central Assistance and the progress of submission of utilization certificate may be reviewed each month by the Secretaries of the Administrative Departments and proposals for release of fund under CP & CSP shall invariably indicate the result of such review. A**

copy of such review report shall be furnished to Finance Department (Plan Finance Branch) by 15th of each succeeding month.

Even pacing
of
expenditure

7. In the interest of management of Ways & Means position of the State Government, the flow of expenditure should be evenly paced and commensurate with the revenue receipts. However, it is noticed that in the month of March the level of expenditure is almost more than double of monthly average of the preceding months which puts avoidable strain on the Ways & Means position and on the Government machinery. Therefore, there is an urgent need for careful planning to avoid rush of expenditure towards the year-end. So also efforts for collection of revenue should start from the beginning of the year. Keeping this in view, necessary preparation should be made for sanction and utilisation of funds. **Accordingly, from the beginning of the financial year 2007-08 sanction order for release of funds and allotment should be expedited. The total allotment including supplementary provision should be communicated by 31.12.07 or at the latest by 31.01.08 in case of re-appropriation or additional allotment. Similarly the process of issue of sanction orders for release of funds as well as surrender of Budgetary provision should be completed by 29th February'2008. In order to avoid last minute rush it is hereby indicated that the last date for submission of bills to the Treasuries in the financial year 2007-08 will be 10th March 2008 for claims under other Contingency, Machinery, Equipment, Vehicle, Share Capital, Subsidy, Loan and 15th March, 2008 for other claims. Apart from this, budgetary funds will in no case be transferred to Civil Deposit.**

Distribution of
Budgetary
Allotment by
Controlling
Officer to
DDOs.

8. **The detailed DDO-wise Budget Allotments for the financial year 2007-08 need to be fed into the Central Server at the Directorate of Treasuries & Inspection, Orissa, (DT&I(O)) Bhubaneswar in terms of Finance Department Circular No.25653(40)/F dated 06.06.2007 and the time schedule indicated therein, in order to enable the Treasuries / Special Treasuries / Sub Treasuries in the State to check the claims contained in the bills against budgetary allotment under **Orissa Treasury Management System (OTMS)**. It may be pointed out here that the system would not accept any bills after 31st of July, 2007 without detail DDO-wise budget allotment being made available through the system.**

Creation/filling
up of posts,
purchase of
vehicles and
equipments as
per stipulations
of F.D.OM
dt. 14.3.2001 and
FD Memo
No.32861/F.,
dt.3.8.04

9. The Administrative Departments, while sanctioning expenditure out of the budgetary provisions should observe the following guidelines meticulously.

- (i) Finance Department have already issued orders for abolition of 75% of base level vacant posts vide O.M. No. 32861/F dt. 03.08.2004. No.55764/F dated 31.12.2004 and Memo No. Bt.(V)-47/2004-2449(45)/F dt.15.1.2005. It would not be possible to entertain any proposal relating to creation of new posts/filling up of vacant posts/upgradation of existing posts till such time Administrative Department issue the abolition orders, submit a consolidated return and furnish the proposal through the Secretary of the Department. Reference to Finance Department for creation of posts/filling up of vacant posts should be made only if the posts are essential and required for providing basic services or for developmental needs.
- (ii) Purchase of new vehicles shall be on replacement basis only. Unless the Secretary of the Department certifies that all the condemned vehicles have been disposed off and sale proceeds deposited into Government account and that there is availability of a Driver for the vehicle to be purchased, the proposal for purchase of vehicle shall not be entertained in Finance Department.

(iii) **Sanction for purchase of Machinery and equipment may be accorded by the Administrative Departments within the limit of sanction indicated in Para-11. Such proposal need not be referred to Finance Department.**

Release to
PSUs

(iv) Budgetary support to public sector undertakings in shape of share capital or loan has to be project/programme specific. For sanction of expenditure from these provisions, prior concurrence of Finance Deptt. will be necessary. The Administrative Department should place specific project proposals before the Project Approval Committee (P.A.C.) and refer the proposals for sanction of expenditure for concurrence of the Finance Department supported by the decision of the PAC. While referring the file to the Finance Department, the Administrative Department should invariably indicate the outstanding dues, if any, recoverable from the public sector undertaking and the total amount of share capital investment made and loan advanced to the PSU. If any of the institutions/organizations are in default in payment of State Govt. dues, including guarantee fee, dividends of earlier years etc, no further release in shape of grant, ways & means advance, loan or share capital should be proposed and made. Similarly no budgetary provision shall be released or guarantee proposals would be considered unless Escrow accounts are operated and stipulations contained in F.D. resolution No. 11311/F dt. 19.03.2004 are fully complied with.

Release to
Co-operatives

(v) Sanction of budgetary support to cooperative institutions in shape of share capital or loan has to be project/programme specific. For sanction of these provisions, prior approval of the Empowered Committee is necessary. The Administrative Deptt. shall sanction expenditure within the budgetary limits only with the prior concurrence of the Finance Deptt. Proposal for concurrence of the Finance Deptt. should be supported by the decision of the Empowered Committee. The cases of default in payment of State Govt. dues and non-compliance regarding operation of Escrow accounts shall not qualify for release of any budgetary provision or providing State Govt. guarantees as enumerated in sub-para (iv) above.

Release of
Grant- in-
aid and
Subsidy to
PSUs &
Cooperatives

(vi) Sanction of subsidy (including managerial subsidy), grant-in-aid in favour of the public sector undertakings and cooperative organizations etc. including food subsidy in favour of the Orissa State Civil Supplies Corporation shall be made after adjustment of outstanding Government dues including Guarantee Fees and will require prior concurrence of the Finance Department. These releases would also be subject to opening of Escrow Account mentioned in sub-para (iv) above. The release would be considered based on progress of utilization of the fund earlier released.

Release of
Grant-in-aid to
Educational
Institutions

(vii) Grant-in-aid salary to Universities/Engineering Colleges, Non Government Aided Educational Institutions, other organizations which are regularly in receipt of grant-in-aid from Government, shall be sanctioned on quarterly/monthly basis by the concerned Administrative Department with the concurrence of FA/AFA of the Department and approval of the Secretary of the Department at the existing scale of pay and rate of D.A. without reference to the Finance Department subject to abolition of 75% of the base level vacant posts as on 01.04.2004 in respect of such institutions in terms of the Finance Department letter No.32861 (45)/F., dt. 3.8.2004 and No.55764/F dated 31.12.2004 and Memo No.Bt.(V)-47/2004-2449(45)/F dt.15.1.2005 and submission of consolidated information. However the limit as prescribed in Para-11 will be applicable to other grants excepting in case of Grant-in-aid salary. On the other hand, the grant for infrastructure developments of the Universities provided in the Budget of 2007-08 in the Demand of Higher

Education Department is to be released in one instalment without reference to Finance Department. Further, before sanction, the Administrative Departments should insist upon utilization certificate/expenditure statement after 30.6.2007 in respect of grant-in-aid released up to 31.3.2007. For release of fund during the first quarter, such certificate may not be insisted upon. In all cases of sanction of grant-in-aid, it should be ensured that the amount sanctioned does not exceed the provision authorized by the Legislature. While sanctioning Grant-in-Aid for the last quarter ending on 31.3.2008, the Administrative Departments should ensure that utilization certificate for quarter ending 30.9.2007 has been received. Wherever stipulations have been imposed at the time of admitting schedules for the regular budget proposals of 2007-08 for Post-budget scrutiny, the sanction and release of funds in such cases would **require prior clearance of Finance Department.**

Release of Scholarship

(viii) Pre-matric and post-matric scholarship for SC & ST students may be sanctioned subject to budgetary limit after the Secretary of SC & ST Dev. Department is satisfied that fund released during the previous year has been fully and properly utilized and actually the intended beneficiaries have got the benefit. Savings Bank Accounts for individual students should be opened to ensure that funds are received by the student concerned. Budgetary release under this unit does not require the concurrence of Finance Department.

(ix) Sanction and release of funds towards the provision made for purchase of equipment/medicine/bedding, clothing etc. for Primary Health Centres, Ayurvedic Hospitals, Medical Colleges & Hospitals, District Hospitals etc. may be made by the Health and Family Welfare Department observing prescribed formalities as agreed to in the UOI No. 394/F., dated 06.04.2004 of Finance Department. The Administrative Department must ensure that funds are allocated to the appropriate disbursing authority in time and fund should be drawn only by observing the formalities for the purchases as and when payment is due on supply of equipment, medicines/bedding, clothing etc. Prior concurrence of Finance Department is not required for this. In case of lapse of fund it shall be the responsibility of the Administrative Departments.

Release in suitable instalments

(x) All other sanction of funds under Non-plan and State plan schemes should be made by the Administrative Departments with the concurrence of FA/AFA (in the absence of F.A.) and approval of the Secretary of the Department, in suitable instalments (monthly, bi-monthly or quarterly, as it may suit the specific schemes/projects) not exceeding **Rs.700.00 lakh** at a time under Non Plan and **Rs.1500.00 lakh** under Plan for which prior concurrence of the Finance Department would not be necessary. While sanctioning expenditure and communicating allotment, the stipulations made in F.D. OM No.10954/F Dt.14.3.2001 (relating to austerity measures) read with F.D.OM No. 32861(45)/F dt. 03.08.2004 and No.55764/F dt.31.12.2004 should be scrupulously followed.

Release of fund under CP & CSP

10. Notwithstanding the limit of sanction indicated in para 11, the Administrative Departments are authorized to sanction funds in respect of Central Plan and Centrally Sponsored Plan Schemes to the extent of assistance received (irrespective of the amount) from Government of India; but in no case the sanction will exceed the limit authorized by the Legislature. They are also fully authorized to sanction funds towards matching state share under the Centrally Sponsored Plan Schemes commensurate with the quantum of central assistance received. Concurrence of Finance Department will not be required in these cases. However, in case, advance sanction of State matching share or central share

pending receipt of central assistance is deemed absolutely necessary, the Administrative Department will have to obtain prior concurrence of the Finance Department in case of non-salary items only with full justification. The salary component of continuing schemes may be sanctioned up to end of December, 2007 in anticipation of receipt of Central Assistance. **In cases where there is short fall in matching State share owing to inadequate provision, steps should be taken to utilize the existing provision first and thereafter seek augmentation so as to utilize the central assistance made available. Even in the absence of state matching share, the central assistance actually received may be utilized under the existing sanctioned schemes without concurrence of Finance Department but not under new schemes for which prior concurrence of Finance Department is necessary.**

Limit of sanction by Admn. Deptt.

11. Any sanction exceeding **Rs.700.00 lakh** under Non-Plan and **Rs.1500.00 lakh** under State-Plan, Central Plan or Centrally Sponsored Plan Schemes excluding salary components shall be made with the prior concurrence of Finance Department except those mentioned in **para 10,13,14,15,16&17.** Administrative Departments shall indicate the UOR No. and date relating to concurrence of Finance Department in the sanction order. In case of sanction by the Administrative Department at their end, the number and date of the diary of the FA/Finance Section may be indicated. No bill exceeding **Rs.700.00 lakhs** under Non-Plan and **Rs.1500.00 lakh** under Plan shall be entertained by Treasury/Special Treasury/Sub-Treasury Officers without the concurrence of Finance Department excepting those specified in **para 10,13,14,15,16&17.**

Achievement of financial & physical target

12. While furnishing proposals for sanction of expenditure to Finance Deptt., the Administrative Departments should indicate the financial outlay and physical programme content of the schemes, the physical targets fixed for the year and achievements during the previous year under the respective schemes in the enclosed proforma in **Annexure**. The Administrative Department should also make similar review while sanctioning funds at their level for work content of various schemes under Non-Plan and Plan and endorse a copy to Finance Department.

Release of fund by Admin. Deptt. without concurrence of Finance Deptt.

13. The restrictions in para 11 will not apply to sanction of funds for expenditure on account of Central Plan and Centrally Sponsored Plan Schemes (both State share and Central share) where adequate Central Assistance is available, 12th Finance Commission Grants, 12th Finance Commission recommended level of expenditure for maintenance of Roads & Buildings, Education and Health Sectors under Non Plan, Grant for Infrastructure Development of Universities under Non Plan, Relief, Modernisation of State Police Force, Modernisation of Prison Administration and other security related expenditure, RIDF, Rural Electrification works under Biju Jyoti, Grant-in-aid (Salary) for Aided Educational Institutions, and other tied up schemes of State Plan like Special ACA for KBK, Backward Region Grant Fund, Tribal Sub-Plan, National Programme for Adolescent Girls, National Social Assistance Programme, Accelerated Power Development Reform Programme, Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National E – Governance Action Plan (NEGAP) Grants under 1st Proviso to Article 275(1) of the Constitution, Slum Development etc, ACA for EAPs, One time ACA, Biju KBK, Gopabandhu Gramin Yojna (GGY), BKVY, SOAP, ODP, NOAP, Supplementary Nutrition Programme, Nutrition for Adolescent Girls and Mid Day Meal Programme, National Family Benefit Scheme (State Plan), Central Plan Schemes like ICDS, Balika Samridhi Yojana, National Nutrition Mission, World Bank Assisted ICDS-III Project and Swayam Sidha Yojana operated by Women and Child Development Department. Release of funds for schemes funded out of ACA for KBK, ACA for EAPs,

essential schemes Women & Child Development Department and the schemes under 12th Finance Commission Grants as well as recommended level of expenditure under Non Plan will be further regulated by the provisions of para 14,15,16&17 respectively.

ACA for
KBK

14. **Budgetary provision made for different schemes in KBK districts out of ACA for KBK can be released by the Secretary of the concerned Department with concurrence of the FA/AFA(in the absence of F.A.) subject to the following stipulations:-**

- i) The fund may be released in suitable instalments depending on the progress of work and utilization of funds allotted earlier for the programme.
- ii) **Funds drawn from Treasury for utilization shall not remain idle for more than 15 days (except in case of L.C.).**
- iii) The total release of fund shall be strictly limited to the budgetary allocation and any release beyond budgetary allocation will be construed as misconduct and dereliction of duty on the part of the officers concerned incurring liability for disciplinary action under the provision of OCS (CC & A) Rules, 1962 and under the FRBM Act.
- iv) In case of utilization of fund by the Engineering Departments through Letter of Credit, specific requisition shall be made to Finance Department in the name cover of Sri R. N. Das , Under Secretary, Finance Department indicating on the top of the requisition letter “L.C. FOR KBK DISTRICTS” in bold letters. The L.C. shall be released by Finance Department within 10days from the date of receipt of the requisition and the L.C. so issued shall remain valid upto 90days from the date of issue.
- v) The requisition of LCs for other programmes should not be mixed up with the projects or release for KBK districts.
- vi) While releasing funds, the Secretary of the Deptt must be satisfied that the fund released earlier has been utilized or likely to be utilized within a period not exceeding 15days (except in case of L.C.).
- vii) In case the fund released remains idle for more than 15days, the Secretary of the concerned Department will be personally responsible for such financial indiscipline and responsibility will be fixed on erring officers.
- viii) Normal prescribed procedures for purchase /tender etc. should be followed by the Administrative Department /Executing Agency as per guidelines or/and Government orders from time to time.

15. The following guidelines shall be followed for release of budgetary provision made for the Externally Aided Projects.

Externally
Aided
Projects.

- a) The limit of sanction of expenditure whether as loan or grant-in-aid to implementing agencies by the Administrative Department contemplated in para-11 shall not be applicable.
- b) The Administrative Departments will release funds to the implementing agencies to the extent of reimbursement claims filed during the preceding month within the approved budgetary allocation for the scheme. Filing of reimbursement claims should be closely monitored. **Full amount indicated in the Loan/Credit Agreement of the Project, for withdrawal, should be drawn, through regular**

filing of reimbursement claims, failing which, the State Government would be required to pay commitment charges to the External Donor Agency.

- c) In case of the Externally Aided Projects of the Engineering Departments whose expenditure are regulated through Letter of Credit, the existing procedure will continue. However, the Controlling Officers should separately furnish requisition on monthly basis to Finance Department for authorization of Letter of Credit in respect of each EAP indicating the amount required, reimbursement claim submitted against previous authorization as well as ACA received.
- d) In spite of the aforesaid mechanism for expeditious release of funds, **if there is delay in the pace of implementation of any Externally Aided Project, the matter will be seriously viewed** and necessary disciplinary action shall be initiated against the officers responsible for execution of the project. Money, however, should not be drawn and kept idle or parked in bank account.

Release of funds under SOAP, ODP and NOAP etc of W& CD Deptt. and different Schemes operated by ST & SC Development Deptt.

16. Release of funds under SOAP, ODP, NOAP schemes, Supplementary Nutrition Programme, Nutrition for Adolescent Girls and Mid Day Meal Programme, National Family Benefit Scheme (State Plan), Central Plan Schemes – ICDS, Balika Samridhi Yojana, National Nutrition Mission, World Bank Assisted ICDS-III Project and Swayam Sidha Yojana operated by Women and Child Development Department and scholarships for ST/SC/OBC etc. by ST & SC Development Department and S & ME Department will be made as per the following guidelines without referring such cases to Finance Department. -

- a) Funds may be released in suitable instalments (monthly/bi-monthly/ quarterly) as may be decided by the Administrative Department.
- b) While releasing funds, the Administrative Department should ensure that funds released earlier has been utilized in full and necessary utilization certificates have been obtained and sent to proper quarters.
- c) The total release of funds shall be strictly limited to the budgetary allocation taking into account actual number of beneficiaries existing.

12th Finance Commission Grants & recommended level of expenditure

17. Expenditure under 12th Finance Commission recommended grants for Heritage Conservation, Panchayatiraj Institutions, Urban Local Bodies, Consolidation & Strengthening work in the Chilka Lake, Development of Comprehensive Sewerage System in the Capital City of Bhubaneswar, Health, Education & Maintenance of Roads, Buildings, Forests as well as recommended level of Non Plan Revenue Expenditure for Health & Education and maintenance of Roads, Buildings & Forests **is to be regulated by the Administrative Department in consultation with FA/AFA of the Department on the basis of the recommendations of the High Level Monitoring Committee (HLMC) observing the prescribed procedure. While releasing funds Administrative Department must ensure that funds released in previous year has been utilized or likely to be utilized within a period of 3 months calculated from the date of fresh sanction in the instant case. However, grants for Urban Local Bodies should be released within 15 Days of its receipt from Government of India failing which the State Government will have to pay interest. Except for requisition of Letter of Credit, no reference should be made to Finance Department for sanction of expenditure/release of funds under the above schemes. However, no liability should be created by way of addition of staff under these schemes without specific prior concurrence of Finance Department.**

Payment of
Advance to
Ordnance
Factories

18. Payment of advance to ordnance factories, which are units of Government of India, towards procurement of arms and ammunitions under the scheme of Modernization of Police may not be referred to Finance Department. The Administrative Department shall take such decisions keeping in view the delivery of the arms/ ammunition in the respect of past advances.

Allotment
for Salary

19.1 To avoid excess drawal, allotment for salary should be watched at the level of Administrative Departments/Controlling Officers/DDOs and Treasuries. Salary allotment should be released at a time under Non-Plan and State Plan. In case of continuing Central Plan and Centrally Sponsored Plan schemes, salary allotment can be issued for 9 months at a time in anticipation of receipt of Central Assistance till December, 2007 and last quarter release shall be subject to receipt of funds from Government of India and allotment under Non-Salary shall be regulated depending on the release of Central Assistance. The current salary should be paid first and arrear salary would be paid if it can be accommodated within the existing budget provision. But in case of retired employees/deceased employees the arrear should be cleared at the first instance on priority basis.

19.2 Concurrence of Finance Department will not be necessary for payment of arrear salary of Government servants subject to availability of budget provision. Previous circulars of Finance Department on drawal of arrear salary stand modified to this extent. The head of office shall however authenticate such claims on being satisfied about the accuracy and entitlement in terms of existing rules/ orders in force and will be squarely responsible for its veracity. While clearing the arrear salary, priority should be given to court cases and for those who have retired or died or likely to retire by 31.3.2009.

20. Release of funds from Civil Deposit would be regulated in terms of Finance Department circular No.WM-14/2005-19274(225)/F Dt.25.04.2007

Unauthorised
parking of
Govt. money

21. Provisions under SR 242 of Orissa Treasury Code, Vol. I stipulate that money should not be drawn from the Treasury unless it is required for immediate disbursement. It is, however, observed that some of the DDOs/Controlling Officers are drawing funds from the Treasury/PL Account and depositing in various Banks or keeping funds un-utilized in form of cash, Bank Draft, DCR etc. This sort of drawal and retention of money outside the State Government Account is in clear violation of the said provisions of OTC Vol. I. This affects the ways and means position of the State Government. Any withdrawal of funds by the DDOs and parking them outside the Government account shall be seriously viewed. The Administrative Department may issue instructions to all the DDOs accordingly and ensure that no Government money is kept outside the Government account by any DDO under their administrative control. If in future, such unauthorised parking of money is noticed, the concerned DDO shall be personally liable for recovery from his personal entitlements including his retirement benefits and he shall be liable for disciplinary action under Rule – 15 of the OCS (CC & A) Rules, 1962. . Un-spent balance of funds drawn out of the budget provision for the year 2007-08 should be deposited in Government Account within 31.03.2008. Such un-spent balances should, on no account be carried over to the next financial year, as it will deflate the expenditure of the subsequent year on its refund to Government Account.

Monthly
Reconciliation
of Accounts by
COs with
AG(A&E),
Orissa

22.1 The Controlling Officers are to reconcile their expenditure with the Accountant General (A&E), Orissa as required under Rule-319 of O.G.F.R. Volume-I as per verification schedule fixed by Finance Department. The Controlling Officer-wise expenditure statement furnished by A.G. (A&E), Orissa should be the basis of reconciliation.

22.2 The Treasury/ Sub-Treasury Officers or the DTI(O), as the case may be, are to furnish printed as well as soft copy of monthly expenditure statement of each DDO to the respective Controlling Officers, on requisition, indicating the TV Nos to facilitate identification of misclassified expenditure, if any, and their booking under proper Head of account and Sector/scheme like Non Plan/ State Plan/ C.P/ C.S.P. On receipt of the

Demand for Grant-wise expenditure from the A.G. (A & E) Orissa, the F.A/ A.F.A of the Department should cause a review of the same by the Secretary of the Administrative Department alongwith the result of reconciliation every quarter and submit to Finance Department a certificate stating that accounts of the previous quarter has been reconciled with the A.G. (A&E), Orissa by the Controlling Officers under him/ her.

22.3 Besides this, the Engineering Deptts. & Forest Department must ensure submission of monthly Accounts to the Accountant General (A&E), Orissa by the 10th of the succeeding month. In case of delay, the monthly salary bills of the defaulting Divisions shall not be entertained by the Treasuries/Spl. Treasuries/ Sub-Treasuries. The Treasuries are also to submit the monthly accounts by 8th of the next month, failing which responsibility will be fixed and appropriate action will be taken.

Timely submission of D.C. Bills in respect of Funds drawn in A.C. Bills.

22.4 The Treasuries/Spl. Treasuries/ Sub-Treasuries are to keep watch over timely submission of D.C. Bills against funds drawn in A.C. Bills. In case of default in submission of D.C. Bills for funds drawn in A.C. Bills, after 30 days from the date of drawal, no other bill of the defaulting D.D.Dos should be entertained till receipt of any proof regarding submission of D.C. Bill.

Monthly review of Receipts, Expenditure, Audit compliance, utilization of Central assistance etc. by the Secretaries.

23. The Secretary of each Administrative Department may review progress of monthly expenditure under Non Plan & Plan, collection of revenue receipts, utilization of Central Assistance, completion of projects included under Zero Based Investment Review, reconciliation of Accounts with Accountant General (A&E), Orissa, submission of D.C. Bills and submit a report in this regard indicating the constraints and remedial measures taken/required to enhance collection of revenue and facilitate even pacing of expenditure, by 15th of the succeeding month with copies to Finance Department and Planning & Coordination Department. Monthly review shall also cover collection of arrear revenues and follow up action on Audit compliance together with the observations made in the report of C & AG.

24. Wherever references to Finance Department are necessary for sanction of funds out of the budgetary provision, the concerned files should be first examined by the F.A./A.F.A. of the Administrative Department and recommendation clearly recorded. All sanction orders to be issued by the Administrative Department, where prior concurrence of Finance Department is not necessary in accordance with the aforementioned guidelines, should be vetted by the F.A. / A.F.A. of the Administrative Department and approved by the Secretary of the Department.

Yours faithfully,

Sd / -

Principal Secretary to Government

Memo No 30858(65) /F Dt. 21.07.2007

Copy forwarded to all Public Sector Undertakings/Cooperative Institutions for information & necessary action. The aforesaid guidelines should be scrupulously followed.

Sd / -

Deputy Secretary to Government

Memo No 30859(168) /F Dt. 21.07.2007

Copy forwarded to all Treasury Officers/Sub-Treasury Officers for information & necessary action.

Sd / -

Deputy Secretary to Government

Memo No 30860(25) /F Dt. 21.07.2007

Copy forwarded to all Special Secretaries/ Additional Secretaries/Joint Secretaries/Deputy Secretaries/Under Secretaries of Finance Department for information & necessary action.

Sd / -

Deputy Secretary to Government

Memo No 30861(60) /F Dt. 21.07.2007

Copy forwarded to all Branches of Finance Department for information and necessary action. All Budget & Expenditure Branches are requested to follow the aforesaid guidelines while scrutinizing the expenditure proposals furnished by different Administrative Deptts. in addition to verification of regularity of expenditure. They are requested to refer all proposals of sanction exceeding **Rs.700.00 lakh** under Non-Plan and **Rs.1500.00 lakh** under Plan to the Ways & Means Branch for clearance, only after verifying the regularity of the proposed expenditure and recording their specific views.

Sd / -

Deputy Secretary to Government

Memo No. 30862 /F Dt. 21.07.2007

Copy forwarded to the Director of Treasuries & Inspection, Orissa, Bhubaneswar for information and necessary action.

Sd / -

Deputy Secretary to Government

Annexure

Statement showing Physical/ Financial progress under different Non-Plan/ State Plan/ Centrally Sponsored Plan Schemes during the year 2007-08 of Department.

- 1) Name of the scheme _____
- 2) Whether Non-Plan/State Plan/Central Plan/Centrally Sponsored Plan

- 3) Budget provision for the scheme during the year _____
- 4) Amount Sanctioned so far :
 - a) State share _____
 - b) Central Share (CP & CSP) _____
- 5) Expenditure incurred so far :
 - a) Salary & Wages _____
 - b) Works/other component _____
- 6) Physical progress made :
 - a) Target _____
 - b) Achievement _____
- 7) Achievement in previous year : _____
- 8) In case of Centrally Sponsored Plan :
 - a) Amount released as Central share _____
 - b) State share released _____
- 9) In case of Central Plan :
 - a) Central assistance received _____
 - b) Corresponding release by Govt. of Orissa against the Central Assistance released _____
- 10) Remarks _____

**Financial Advisor/
Asst. Financial Advisor,
_____ Deptt**