Financial administration is a chain with several links, commencing with budgeting and ending with audit. The successful working of any organisation depends on the efficient financial administration. Failure of any organisation is due to ineffective financial planning. The first link in the chain of financial administration is budget.

WHAT IS BUDGET: Budget is one of the principal instruments of financial administration, through which all the financial affairs of the department are regulated. It is through budget that the government forecasts and plans its revenues and expenditures for the ensuing year. It is through budget that the government exercises an effective control over administrative organisation and by the legislature over the executive branch of the government.

The term budget is commonly used for a financial statement prepared and presented by the executive branch of the government for an approval of the legislature.

According to Willsughby "It is, or should be, at once a report, an estimate and a proposal. It is a document through which the Chief Executive comes before the fund raising and fund-granting authority and makes full report regarding the manner in which he or his subordinates
have administered affairs during the last completed year, in which he exhibits the present condition of the public treasury and on the basis of such information sets forth his programme of work for the year to come and the manner in which he proposes that such work shall be financed. ¹

Thus budget is a proposed work programme with estimates of the funds necessary to execute it. It is a plan of action.

PREPARATION OF BUDGET: The responsibility for the preparation of the budget rests with the executive. However, the Ministry of Finance dealing with the financial business of Government undertakes the overall responsibility for framing the budget on behalf of the executive.

The P.W.D. has no separate budget of its own. The P.W.D. budget is a part of the budget of the state which is prepared by the finance department in collaboration with all the departments of the States. Under paragraph 34 (viii) on the Assam Rules of Executive Business framed under article 166 of the Constitution empowered the finance department to obtain from all departments including P.W.D. information as regards requirements to prepare its estimates. Thus, the finance department follows the procedure given below:

PREPARATION OF ESTIMATES: Not later than the 1st June in each year the finance department arranges to supply to the controlling officer of the P.W.D. for the distribution to the estimating officers, blank forms requiring him to furnish information showing the -

- a) actuals of the previous year,
- b) original sanction estimates of the current year,
- c) revised estimates of the current year,
- d) proposed estimates for the coming year.

The estimating officer must fill up the forms and send them to the controlling officer. The estimating officer must show in the estimates of expenditure under column (a) and (c) in prescribed form the figure by sub-heads of appropriation only; under column (b) and (d) he must show the figures by the detailed heads. He must add an explanatory note whenever necessary.

By the first week of August, the finance department sends the controlling officer blank form for preparing consolidated estimates. This forms must show -

- a) actuals of the previous year,
- b) original sanctioned estimates of the current year,
- c) actuals for six months of the current year,
- d) actuals for six months of the last year,
e) revised estimates for the current year,
f) budget figure proposed for the coming year,
g) budget figure proposed by the administrative department,
h) budget figure proposed by the finance department.

On receipt of the estimates, the controlling officer must scrutinise and consolidate them, together, with his own estimates for items with which he is concerned, into a self-contained budget for each major head or the several minor heads for which he is responsible.

The controlling officer must furnish information required of him and must forward the estimates with an explanatory Memorandum to the administrative departments not later than 13th September of the year, and a duplicate copy of the estimates and of explanatory memorandum to the finance department. The memorandum must explain the differences between proposed figures for the coming financial year and the sanctioned estimates of the current financial year.

In respect of the estimates of receipts and expenditures in the six districts of the sixth scheduled to the constitution, the controlling officer instead of incorporating the estimates of these districts in the consolidated estimates forward each of the estimates under each major heads of accounts concerned to the finance department and the
prescribed form for consolidated estimates together with the explanatory memorandum.

As soon as the departmental estimates are received, the finance department must scrutinise them and after consultation with the administrative department enter the figures which is accepted for the revised and budget estimates.

Not later than the 1st week of December, the finance department must prepare an abstract of the expenditure and receipts for the coming year and place it before a meeting of the council of ministers, together with the schedule of new expenditure.

On January 15, the finance department consolidated the estimates received from various departments and prepares the financial statements for the whole state. Than the finance department sends the budget again to the administrative departments for any criticism they may have to make on the figures finally adopted.

Immediately, on the receipt of comments from the administrative departments, the finance department after making necessary amendments, send the detailed estimates to the press for final printing. The finance department also prepared explanatory memoranda which deals separately with such item of new expenditure. The detailed estimates,
statements, statements of receipts and expenditure, schedule of demands and explanatory memoranda are finally printed by the middle of February and hand over to the finance Minister for presentation in the Legislative Assembly.²

ENACTMENT OF BUDGET: Under Section 3(ii) of the Government of India Act 1919, the financial statement was to be laid in the form of a statement before the council and the proposals of the local government for the appropriation of provincial, revenues and other moneys in any year were submitted to the vote of the council in the form of demands for grants. The council could assent, or refuse its assent to a demand or may reduce the amount therein referred to either by a reduction of the whole grant or by the omission or reduction of any of the items of expenditure of which the grant is composed.

It was also provided in the Act that no proposal for the appropriation of any revenues or other moneys for any purpose could be made except on the recommendation of the Governor in-Council.³

Section 78 of the Government of India Act, 1935, provided that the Governor had to place before the

legislature a statement of the estimated receipts and expenditure of the province of Assam which was known as Annual financial statement.

The estimates of expenditure embodied in the annual financial statement shows separately -

(a) the sums required to meet expenditure charged upon the revenue of the province; and

(b) the sums required to meet other expenditure proposed to be made from the revenues of the province.

The estimates of expenditures charged upon the revenues of the province were not submitted to the vote of the legislative assembly. The estimates of other expenditures were submitted in the form of demands for grants to the legislative Assembly which had the power to given assent or refuse assent to any demand, subject to a reduction of the amount specified therein.

It was also provided in the Act, that no demand for grant was to be made except on the recommendation of the Governors. However, in respect of any financial year, further expenditure from the revenues of the province becomes necessary over and above the expenditure authorised for that year, the Governor should lay before the legislature a supplementary
statement showing the estimated amount of that expenditure under the same procedure as was prescribed in relation to the Annual Financial Statement.  

Under the present constitution it is laid down in Article 202 that the Annual Financial Statement in respect of every financial year of the state must be laid before the legislative Assembly. The Annual Financial Statement must contain the estimated receipts and expenditures of the States.

The estimates of expenditure embodied in the Annual Financial Statement should show the following separately -

(a) the sums required to meet expenditures described by the Constitution as expenditure charged upon the consolidated fund of the state and,

(b) the sums required to meet other expenditures proposed to be made from the consolidated fund of the state.

The estimates related to expenditure charged upon consolidated fund of the state need not be submitted to the vote of the Legislative Assembly. The estimates relating to other expenditures should be submitted in the form of demands for

grants to the legislative Assembly. The Legislative Assembly has the power to give assent or to refuse assent, to any demand or to assent to any demand, or to assent to any demand subject to a reduction of the amount specified therein. It is also provided in the constitution that no demand for grant is to be made except on the recommendation of the Governor.

Article 204 of our Constitution provided that as soon as the grants are voted by the Assembly a Bill should be introduced to provide for appropriation out of the consolidated fund of the state as moneys required to meet -

(a) the grants so made by the Assembly; and
(b) the expenditure charged on the consolidated fund of the state but not exceeding in any case the amount shown in the statement previously laid before the Assembly.

Under article 205 of the Constitution,

a) if the amount authorised by any law made in accordance with the provisions of article 204 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current
financial year for supplementary or additional expenditures upon some new services not contemplated in the Annual Financial Statement for that year, or

b) if any money has been spent on any service during a financial year in excess of the amount granted for that services and for that year, the Governor shall caused to be laid before the Legislative Assembly another statement showing the estimated amount of that expenditure and presented a fresh demand for such excesses.

The provisions of article 202, 203 and 204 shall have the effect in relation to any such statement.  

The execution of the Budget:

COMMUNICATION AND DISTRIBUTION OF GRANTS: When the demand for grants for a year and the appropriation act have been passed, the work of distributing the grants among the various disbursing and controlling officers is taken up. The finance department must communicate the budget allotment to the controlling officer by the 15th April, a copy of the communication must be send to the Administrative department concerned.

In communicating grants the finance department must specify the sub-heads of appropriation and detailed heads, if any, in respect of which the budget estimate laid before the legislature has been reduced, or in the case of charged expenditure, in respect of which the Government has specifically decided that the budget estimates of the controlling officer must be reduced. Expenditure in excess of the provision under such head on units must not be incurred, without the approval of the financial department as the provision cannot be increased by reappropriation also.

DISTRIBUTION OF GRANTS AMONGST DISBURSING OFFICERS : Out of the supply communicated to him the controlling officer must retain a portion of the grant in his own heads as a reserve and distribute among the disbursing officers concerned who are subordinate to him in such a manner as he may deem fit :

(a) the grant under the sub-heads of appropriation "Allowances and Honoraria" and "Contingencies";

(b) the grant under the sub-heads of appropriation "Pay of establishment" to meet the cost of temporary establishment to be entertained under his sanction;

(d) in case of the P.W.D. the grant under the sub-heads of appropriation under the minor heads "original works Buildings and communication", Repairs "Tools and Plants" and suspense".
In case of "regrant of lapses" the P.W.D. has been authorised to allot funds to finance original works remaining in complete at the end of the previous year on condition that the entire provision under this head is ultimately the same form other heads within the minor head "original works".  

RE-APPROPRIATION: Re-appropriation means the transfer of funds from one primary unit of appropriation to another such unit within a grant. It is only permissible when it is known or anticipated that the appropriation on the unit from which funds are to be diverted will not be utilised in full, so that savings can be effected in the appropriation for that unit.

POWERS OF RE-APPROPRIATION: The rule 35(i) of the Assam rules of Executive business gives the power to the finance department to sanction re-appropriation from one major, minor or sub-heads to another; and to Minister to sanction re-appropriation between heads subordinate to minor head, if this does not involve the undertaking of a recurring liability. Again under rule 35(ii) of the said rules the finance department has power to sanction the delegation of this power by a Minister to any officer or class of officers.

The officers mentioned below have been authorised in the P.W.D. to sanction re-appropriation within heads subordinate to a minor head subject to the condition laid down below:

(i) Head of the department,
(ii) P.W.D. Divisional Officers.

1. That funds must not be re-appropriated to meet an item of expenditure which has not been sanctioned by proper authority.

2. That funds provided for general areas should not be re-appropriated to provision for sixth schedule (Part A) Areas and vice-versa;

3. That the re-appropriation does not involve the undertaking of a liability which is likely to extend beyond the financial year in question.

4. That no re-appropriation shall be made from savings under "Pay of Officers or Pay of establishment";

5. That no re-appropriation shall be made from or to the head "contract contingencies";

6. That all re-appropriation made by officers named above shall be in respect of the grants placed at their disposal;
(7) that the re-appropriation is not made for a new service not contemplated in the budget for the year more for an object not specifically included in that estimates and which no provision has been made;

(8) that the re-appropriation has not the effect of incurring the expenditure on an item the provision for which has been specifically reduced by a vote of the Assembly;

CONDITIONS UNDER WHICH RE-APPROPRIATION MAY BE MADE: The following conditions must be observed for re-appropriation in the P.W.D. budget.

(1) The Minister-in-charge of the P.W.D. may re-appropriate between items included in any one of the minor heads. The finance department can re-appropriate from one minor head to another. Savings under the "original works" minor heads may be freely re-appropriated by the finance department to meet urgent demand under another such minor head.

(2) Ordinarily re-appropriation may be made from savings on works only for works in progress and works which can be completed within the year.

Exception to this rule may be made in certain cases; e.g. where a building has been burnt down and obviously must be rebuilt without delay. In such cases re-
re-appropriation from savings may be allowed even though the work cannot be completed within the year.

(3) The general reserve should be utilized for incomplete works of the previous year, works in progress; when more than the appropriation for the work can be spent during the year, unforseen work of every kind provided for a new service is not involved and additions to the repairs grant for the year.

The copies of orders sanctioning any re-appropriation should immediately be communicated to the Accountant General and the Finance Department. 7

WATCHING THE PROGRESS OF REVENUE;

CONTROLLING OFFICERS RESPONSIBILITY IN REGARD TO REVENUE RECEIPTS AND THEIR CHECK;

The controlling officer of the department should see that all sums due to Government are regularly received and checked against demands and that these are paid in time at to the Treasury. They should accordingly arrange to receive from their subordinates accounts and returns claiming credit for so much paid to the Treasury, and compare with these the figures recorded in the books of the Accountant General-in-charge of the accounts, if those are supplied to them under an arrangement between the Controller and Auditor General and the Government. 8

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REVENUE RECEIPTS OF THE P.W.D.: Divisional officers of the
P.W.D. are responsible that the demands are made as revenue
falls due, that steps are taken with a view to affect prompt
realisation of all revenues regular or occasional, and that
proper records are kept to show in respect of all items of
revenue, recurring or non-recurring, the assessments made,
the progress of recovery and the outstanding debts due to
Government.

The object of this rules is that all classes of
revenue whether accruing from property of any kind, from
leases of rights and concessions and from any other source
are properly watched.

The recovery of all debts due to Government should
receive the special attention of the Divisional Officers, and
no debts should be remitted or written off except under the
orders of the competent authority. 9

WATCHING THE PROGRESS OF EXPENDITURE: After the grants have
been distributed amongst the various disbursing officers, the
controlling officer must maintain a register, showing the
sums allotted to each officer and the expenditure incurred
against the allotment made.

PROCEDURE OF DISBURSING OFFICERS: The disbursing officers
must maintain an account of grants allotted to them under

each minor or sub-head or section of the accounts, additions made to such allotments, the date and number of the order sanctioning such additions, reductions made from such allotments by re-distributions or re-appropriation and the date and number of the order sanctioning such reductions.

REGISTER OF EXPENDITURE : On receipts of the intimation of supply from the controlling officer, the disbursing officer must open registers of expenditure under each minor head of sub-head, if any. The disbursing officers must enter the appropriation made for each detailed head under the sub-head of appropriation, as intimated, or any secondary sub-division thereof. Any expenditure which does not fall under one of these heads must necessarily be expenditure which was not contemplated in the budget and should not be incurred without special order.

RETURN OF EXPENDITURE : At the end of the month all the columns of the Register are to be totalled and a return in the same form, in which register was opened must be prepared and forwarded to the controlling officer by the 3rd of the following month.

RECEIPT OF RETURN IN THE CONTROLLING OFFICER : On receipt of the returns the controlling officer must examine them carefully to see whether the account classification had been
correctly given; that the appropriations and available balance agree with the ledger of the controlling officer; that expenditure is within the appropriation end that this is not likely to be exceeded; that the returns have been signed by the proper officers; and that the extract have been stamped with treasury seal and cover all entries.

CONTROLLING OFFICERS STATEMENT OF EXPENDITURE: Then the controlling officer must consolidated the returns received from disbursing officers. The figures under the head "Pay of officers" and "Pay of establishments" and allowances drawn with pay should be obtained by the controlling officer from the office of the Accountant General.

For comparison of these figures with the departmental figures the controlling officer should also obtain from disbursing officers the total expenditures under these heads. The disbursing officers should maintain a register in which pay bills should be noted as soon as they are drawn, to facilitate their sending in the pay heads figures to the controlling officer.

CONTROLLING OFFICERS CONSOLIDATED ACCOUNT: After comparison is done the controlling officer must transfer the figures to a consolidated account under the minor head or sub-head to a separate form, adding the figures obtained from the Accountant
General under "Pay of officers", "Pay of establishment". If any discrepancy arises it is the joint responsibility of the Accountant General and the controlling officers for their reconciliation.  

This procedure for the verification of the departmental accounts with those of the Accountant General Office was in vogue from 1919 upto 1953. In 1952 it was brought to the notice of Government that verification of departmental accounts with the figures in Accountant General's Office was not done expeditiously as a very long time was taken in reconciling discrepancies by carrying on correspondence. The Government had therefore, adopted temporarily as an experimental measures the following procedure for the verification of departmental accounts with the figures booked in the Accountant General's Officer from 1953. According to the revised procedure the reconciliation of controlling officer's figures of expenditure with those of the accounts office was to be done in personal collaboration between the clerks concerned of the departmental controlling officers and the staff of the Audit office. The controlling officers should send their accounts clerks with their departmental registers every month to the Audit Office on the specified dates which was to be drawn up in the Accountant General's Office in consultation with the controlling officers. The figures should be compared with those of the accounts office and any discrepancy discovered in the course of comparison should be noted in a statement, which should exhibit separately the mistakes and omissions.

on the part of the departmental officers and those of the accounts office. A copy of the statement so prepared should be given to the clerks of the departmental officers endorsed by a Gazetted Officer of the Audit Department to the effect that the mistake on the part of the departmental officers may be corrected. On the authority of the statement the controlling officers will correct their statements and registers and direct the disbursing officers concerned to make necessary corrections, such corrections should be intimated to the accounts officer within a fortnight of the receipt of the statement endorsed by a Gazetted officer of the Audit Department. The mistake in the account office, if any, should be rectified by that office.11

In 1957, the existing procedure was slightly changed. The departmental officer must contact Accountant General Office and ascertain whether the relevant records are available there. If available, the departmental assistant must immediately contact Accountant General Office with necessary and complete records for verification. If however, the relevant records are not available there on the first day, arrangements is to be made in Accountant General’s Office to make them available on the second day of the prescribed dates and the departmental assistants should go on the second day with all materials available with them.12

11. Letter from finance Dept. (Deputy Secretary) to all controlling officers. Letter No.BB.62-53/3 dated Shillong, the 7th April, 1953.
12. Letter from Under Secretary, Finance, to all Heads of Deptts and controlling officers, Letter No.BB.60/56/96 dated Shillong, the 11th June, 1957.
ACCOUNTING

WHAT IS ACCOUNTING: Accounting means keeping a systematic record of financial transactions of any organisation. It has a dual function to perform.- (a) First, determination of the fidelity of all officers who handle the fund, and (b) Second, furnishing of information needed regarding financial condition of and operations for policy determining and administrative purposes. 13

PURPOSE OF ACCOUNTING: The purpose of Governmental accounting differs from that of business and commercial accounts. Business and commercial accounts must be as to facilitate the preparation of balance sheet, showing profit or loss, assets and liabilities. On the other hand, the purpose of Governmental accounting is to furnish data to show whether the budget as voted by the legislature have been observed.

ACCOUNTING OF P.W.D. IN ASSAM: Generally speaking accounting is an executive/function and naturally this function should be discharged by the department itself. But the peculiarity in our country is that, accounting has not been made the responsibility of the department. It is vested in a separate department known as the Accounts and Audit Department.

There are four stages of accounting in the P.W.D.
These four stages are:

13. Public Administration by Bhagwan Vidyadhar Bhushan, P.570-571, (47)
(1) INITIAL ENTRY: The Treasury is the basic unit of accounting where receipts and payments are made. The initial accounts are kept by the treasuries. In each district, there is a government Treasury in charge of a Treasury Officer. Where there are branches of the Reserve Bank or the State Bank of India, they perform the cash duties of the Government. In the initial accounts of the treasury, every financial transaction, revenue and expenditure is recorded. The Treasuries submit their monthly cash accounts and fortnightly lists of payments to the Accountant General's Office together with concerning vouchers. Separate schedules are prepared for items falling under Department deposits, Remittance and Receipts and Payments for service. The P.W.D. generally draw from treasuries in lump sums and, at the end of each month, render a classified account to the Accountant General.

(II) CLASSIFICATIONS OF ACCOUNTS BY THE ACCOUNTANT GENERAL:

All accounts of the previous month of the treasuries and of P.W.D. Officers reach the Accountant General's Office by the 1st of the next month. This office classifies these accounts i.e. marks each item of receipt of payment according to the head of the account. Each one of these accounts is divided into major heads which constitutes the main units of classification. The major heads are further sub-divided into minor heads which
in turn are further divided into detailed heads. It may be mentioned that the treasuries in India are working under dual control. They are staffed by the state Government, but have to function strictly in accordance with the instructions given by the Accountant General of the State. As a result, the employees of the treasuries are not always prompt responsive to the directions of the Accountant General.

(iii) COMPILATION: The next stage is compilation. Before compilation the accounts are audited by the auditors. Then they go to the accounts office who compiles them every month and submit them to the Government by the end of the following month.

(iv) ANNUAL COMPILATION: Lastly comes the annual compilation which is done by the comptroller and Auditor General of India from the records of the Accountant General. He compiles two types of accounts. The finance accounts, bringing together all the receipts and expenditure and the appropriation accounts, showing the actual expenditure against the grant voted by the legislature. He also prepares a general financial statement which shows, apart from the receipts and disbursements, the outstanding liability and assets of the Government. The Accounts prepared by the comptroller and Auditor General are submitted to the Governor sometime in January or February of the following year.
These reports are laid before the legislature.  

AUDIT:

MEANING OF AUDIT: Audit means the examination of accounts with a view to determine their correctness. According to James C. Charlesworth, "Audit means to process of ascertaining whether the administration has spent or is spending its funds in accordance with the terms of the legislative instrument which appropriated the money".  

TYPES OF AUDIT: Audit may be of two types - pre-audit and post-audit. Pre-audit is conducted before payment is made and post-audit after payment is made. Thus, post-audit is just like locking the door after the theft has been committed. Again, audit may be either a detailed audit or a test audit. A test audit is one which scrutinises a part rather than the entire financial transaction. It is satisfied if the portion selected for examination results no irregularities. The basis of test audit is confidence in the administration. Of the two kinds of audit, pre-audit is more effective. Where pre-audit exists expenditures will be according to rules. But pre-audit is cumbersome and costly and therefore it was not adopted in this state. The system of audit that was adopted in the P.W.D. was post-audit.  

OBJECTS OF AUDIT: The main objects of audit are to ensure -

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15. Charlesworth C.J. "Governmental Administration". P.344.
16. A hundred years of local self Government by Dr.V.V.Rao, P.420, 1965
(a) That there is provision of funds for the expenditure duly authorised by competent authority;

(b) that the expenditure is in accordance with a sanction properly accorded and is incurred by an officer competent to incur it;

(c) that the payment has been made to the proper person, and that it has been so acknowledged and recorded that a second claim against Government on the said account is impossible;

(d) that the charge is correctly classified, and that is a charge is debitable to the personal account of a contractor, employee or other individual or is recoverable from him under any rule or order, it is recorded as such in a prescribed account;

(e) that in the case of audit of receipts,

(i) sums due are regularly recovered and checked against demand and (ii) sums received are duly brought to credit in accounts;

(f) that in the case of audit of stores and stock, where a priced account is maintained, stores are priced with reasonable accuracy and that the rates initially fixed are reviewed from time to time, correlated with market rates and revised when necessary;

(g) that the articles are counted periodically and otherwise examined for verification of the accuracy of the
quality balances in the books and that the total of the valued accounts taking with the outstanding amount in the general accounts and that the numerical balance of stock materials is reconcilable with the total of value balance in the account at the rate applicable to the various classes of stores; and

(h) that expenditure conforms to the following general principles which have for long been recognised as standards of financial propriety, namely -

(1) that the expenditure is not prime-facie more than the occasion demands, and that every Government servant exercis. the said vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercis. in respect of expenditure of his own money;

(2) that no authority exercises its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage;

(3) That public moneys are not utilised for the benefit of a particular person or section of the community;

(4) That the amount of allowances such as travelling allowance granted to meet expenditure of a particular type is so regulated that the allowances are not on the whole sources of profit to the recipients.

HISTORICAL BACKGROUND : Prior to 1968-69, the accounting and auditing functions of the P.W.D. in Assam were dealt with from

17. Public Administration by Vishnoo Bhagwan and Vidya Bhushan, pp. 574-575, 1979
the office of the Comptroller of Public Work Accounts, Bengal. The office of the Comptroller of Public Works Accounts was established in Assam in 1868-69 who had to function under the direction and control of the Accountant General.\textsuperscript{18}

Under the controller of public works accounts there was a Deputy-Examineer of public works accounts in Assam who was directly responsible for auditing the accounts of the public works department. Under this system, the disbursing officers of the P.W.D. had to submit their accounts to the Deputy Examineer for audit. The report of such audit had to be submitted by the Deputy Examineer to Accountant General through the Comptroller of Public Works Accounts.\textsuperscript{19} This system continued upto 1919.

In 1919, under the Montagu-Chelmsford Reforms Act, Audit was made a central subject and it was provided in section 39(i) that there shall be one Auditor General in India as the head of the Indian Audit and Accounts Department. Under the Auditor General in India, there was a comptroller in Assam, who had to audit the accounts of all the departments of the province including the P.W.D. Department.\textsuperscript{20}

Section 166(i) of the Government of India Act, 1935 also provided for an Auditor General of India whose duties regarding the auditing function of the province were given in the Audit and Accounts order, 1936 of the Govt. of India.

\textsuperscript{18} Para 34 of the Memorandum submitted by Deputy Examineer, P.W.D. Accounts in Assam in 1876-77.

\textsuperscript{19} P.W.D. Administration Report Assam for 1894-95.

(1) It was the duty of the Auditor General -

(a) To audit all expenditures from the revenues of the province and to ascertain whether moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it;

(b) To audit all transactions of the province relating to debt, deposits, sicking funds, advances, suspense accounts and remittance business;

(c) To audit all trading, manufacturing and profit and loss accounts and balance sheets kept by order of the Governor of the province in the Department; He has to report in each cash on the expenditure, transactions on Accounts so audited by him.

(2) The Auditor General also with the approval of the Governor of any province, audit and report on -

(a) The receipts of any department of the province;

(b) The accounts of stores and stock kept in any office or department of the province. The Governor of a province could, after consultation with the Auditor General, made regulations with respect to the conduct of audits. 21

Accordingly, in 1937, the Governor of Assam, after consultation with the Auditor General of India made the

regulation for the conduct of audit on all such receipts and accounts of stores and of the different departments of the Government of Assam. The Auditor General of India could also continue to conduct such audits in accordance with such rules and principles as were in force by that time.22

In Assam there was a Comptroller who had to work under the direction and control of the Auditor General of India.

The Government of India Audit and Accounts order 1936 was adopted by the Indian (Provisional constitution) order of 1947.23

The new constitution also, under Article 148, makes provisions for the post of the Comptroller and Auditor General who is the head of the Indian Audit Department. In Assam also there is a Civil Accounts and Audit Office headed by the Accountant General who must function under the direction and control of the Comptroller Auditor General of India.

Under the new constitution until provision is made regulating the duties and powers of the Comptroller he had to discharge those functions in regards of state audit as were bestowed by the executive order, 1936 (Appendix XIII).

In 1971, an Act was passed by the Parliament which prescribed his duties and powers regarding the conduct of

22. Assam Gazettee, 1937. N.1035-F(a) dated the 1st April, 1927.
of audit in States. According to this Act the following powers and duties were bestowed to the Comptroller and Auditor General of India relating to audit in states.

DUTIES:

1. To audit all expenditure from the consolidated fund of states having a legislative Assembly and to ascertain whether the money shown in the accounts as having been disbursed were legally available for and applicable to the service or purposes to which they have been applied or charged and whether the expenditure conforms to the authority which govern it;

2. To audit all transactions of the states relating to contingency funds and public accounts;

3. To audit all trading, manufacturing profit and loss accounts and balance sheet and other subsidiary accounts kept in any department, so credited by him.

4. To audit all receipts which are payable to the Consolidated Fund of state having a legislative assembly and to satisfy himself that the rules and procedures in that behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenues and are being duly observed and to make for this purpose such examination of the accounts as he thinks fit and report thereon.
(5) to audit and report on the accounts of stores and stock kept in any office on department of states.

POWERS:

(1) He had the power to inspect any office of accounts under the control of a state, including treasuries and such offices responsible for the keeping of initial or subsidiary accounts.

(2) to require that any accounts books, papers and other documents which deal with or from the basis of or are otherwise relevant to the transactions to which his duties in respect of audit extends, shall be sent to such place as he may appoint for his inspection;

(3) to put such questions or make such observations as he may consider necessary to the person in charge of the office and to call for such information as he may require for the preparation of any account or report which it is his duty to prepare.

(4) the person in-charge of any office or department, the account of which is to be inspected and audited by the Comptroller and Auditor General, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with all reasonable explanation.
Under this act, any power exercisable by the Comptroller and Auditor General may be exercised by such offices of his department as may be authorised by him in his behalf by General on special order except the submission of report to the Governor of a State having legislative Assembly.\(^{24}\) Thus, in Assam, the Accountant General audit the accounts of all the departments including the P.W.D. under the procedure given below -

The Accountant General arranges for the periodical test audit and local inspection of the accounts of divisional and sub-divisional offices, and the Divisional Officer is responsible for the initial accounts and making other connected records available for inspection. Inspecting Officers are required, if possible, to discuss the drafts of their reports with the head of the office inspected before submitting them to the Comptroller and for this purpose, it is desirable that the head of the office should be present at the inspection unless his presence is urgently required elsewhere.

The results of audit are communicated to the Divisional Officer in the form of Audit Notes, objection statements, Inspection Reports, Letters or Memoranda. These should receive prompt attention and the replies of the Divisional Officer should be based, as far as possible,

on his own knowledge. It is not enough to pass on the explanation of a subordinate, reports prepared in this manner have more than once, by lulling suspicion led to greater irregularity afterwards.

Objection statements and Inspection Reports should be returned through the Superintending Engineer after the Divisional Officer has recorded his replies thereon. The Superintending Engineer will pass orders in respect of matters in which he is competent to deal with finally and recovered his remarks (with a note of the action taken) on all other points, before returning the documents to the Accountant General.

Preliminary objection statement forms are used in the inspection of accounts of the public works divisional offices. The Divisional Officers should attend to these statements as soon as they are used and return them to the Inspecting Officer with the least possible delay and, in any case, before the conclusion of the inspection so that the Inspecting Officer may select points which are really important and to which no satisfactory explanation is forth coming for discussion with the Divisional Officer, and complete his report before he leaves the Divisional headquarters. 25

On receipts of the report from the Inspecting Officer, the Accountant General, Assam, prepares the Appropriation Accounts under the direction of Comptroller and Auditor General of India and in accordance with the provision of the Government of India (Audit and Accounts) order, 1936, as adapted under India (Provisional Constitution) order 1947, read with Article 149 of the Constitution of India. On the basis of the information and explanation, that the officer have obtained, the Comptroller and Auditor General of India certify that these Accounts are correct, subject to the observation in the Audit Report of the following year.  

ACHIEVEMENT OF THE AUDIT OBJECTS IN THE P.W.D.

If we examine the appropriation Accounts and the Audit Reports of the P.W.D. we will find that the Accountant General arranges for the periodical test audit of accounts of divisional and sub-divisional offices for the accomplishment of the Audit objects. The Audit Reports of 1935 and 1954, after conducting test audit in 27 divisional offices, revealed the following types of irregularities of the P.W.D. in Assam.

(1) Execution of works without administrative approval and technical sanction.
(2) Check measurement by superior officers were not carried out to the extent required.

(3) Irregular payment of advances to contractors.
(4) Annual verification of stores were not carried out in many cases.
(5) Accumulation of reserve stock in excess of sanctioned limit.
(6) Register of works not maintained properly.
(7) Defective maintenance of initial accounts records as noted below:
   (a) Works abstracts and register of works had not been maintained by subheads of estimates and quantities of work done had not been recorded in many cases. The register of works was not reviewed regularly.
   (b) The liabilities against contractors in respect of the issues of stock materials to them had not been posted in the ledger as soon as the transactions took place.
   (c) Physical verification of stock and tools and plant had not been carried out and the stock and tools and plant returns were not compiled regularly.\(^{27}\)

So far we have studied the financial administration of P.W.D. in Assam. Rules framed for the purpose are comprehensive and detailed. Financial administration of the P.W.D. was in the hands of experts.

However, there was one defect in the accounting system. The Treasury, which is the basic unit of accounting, are staffed

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by the State Government, but professionally responsible to the Accountant General. This is quite against the principle of unity of command. Excepting this defect, the financial administration of the P.W.D. was by and large efficient.