



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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No.B&P/Budgetary Control/2019-20

Dated: 27.08.2019.

CIRCULAR

Sub:- Budgetary control of expenditure and cost reduction – regarding.

- Ref:-
1. Budget Manual of Kerala State Electricity Board Limited.
 2. Circular No.B&P/Budget-2018-19/SARAS/2018 dated 13.04.2018.
 3. B.O.(DB) No.1649/2018 (B&P/Budget/Reappropriation/2018-19) dated 05.07.2018.
 4. Letter No.B&P/Budget/Reappropriation/2018-19 dated 28.07.2018.

Instructions regarding budgetary control of expenditure have been described in the Budget Manual of the Company, which is published in the official website – www.kseb.in (in the folder “Manual”). Detailed instructions regarding budgetary control and reappropriation procedures through “SARAS” have been issued to all ARUs and field offices vide references (2), (3) and (4) cited.

But it has been observed that certain ARUs are not following the instructions in this regard and incurring expenditure without any financial discipline. As per Budget Manual (Chapter – VII, Page – 20) “the ARU Officer must ensure that the expenditure should be within the budget grant allotted to him under each primary unit of appropriation”. KSERC is disallowing nearly 10% of its expenditure every year and the same cannot be recovered through tariff. Incurring disallowed expenditure increases the loan liability of the Company. Now banks are reluctant to extend the overdraft/loan facilities to KSEBL. The serious financial constraints now being faced make it imperative in utilising the budget provision with extreme austerity. The success of budgetary control exercise depends to a large extent on the personal involvement of the Head of the Department/ARU Officer which require economy measures in all spheres of activity including deferment/dropping of uneconomical and unviable works.

In view of the above, the following instructions are issued for strict compliance.

1. The actual expenditure should be kept within the limits of the sanctioned budget provision allocated against each account head for each ARU.
2. The ARU Officer/Officers responsible to incur expenditure shall take earnest efforts to reduce the expenditure under each account head to the maximum possible level.
3. Technical sanction and tendering procedure for works shall be initiated only after ensuring adequate budget provision for the proposed work.
4. The practice of issuing Technical Sanction and initiating tendering process without ensuring budget allocation and later requesting for budget reallocation/additional allocation at the time of bill passing shall be stopped forthwith.
5. All Head of the Departments and the Estimating Officer should personally ensure that estimates are prepared with utmost care taking into account all aspects at the time of estimation so as to avoid instances of huge variation between estimates and actuals, which lead to proposal for supplementary grant/provision.

6. Chief Engineers shall ensure that the ARU/Estimating Officer limit the expenditure to the budgeted outlay and should not incur excess expenditure on any account without getting approval/sanction from the Board.
7. The proposals for supplementary grants/re-appropriation shall be furnished sufficiently early with detailed notes on requirements and justification for additional expenditure. The ARU Officer while submitting proposals for supplementary grants should explain to the satisfaction of Board as to whether the expenditure could not be foreseen at the time of original estimates and whether expenditure could not be postponed to the next financial year. The ARU Officer shall also furnish the estimated cost, budget provision, progressive anticipated expenditure for the current year and the actuals for the last five years under the concerned account head/heads along with proposals for supplementary grants.
8. Separate account codes have been issued to book expenditure related to natural calamity viz. flood etc. As per letter No.B&P/New Service/2018-19 dated 03.09.2018 and 28.09.2018, the procedure to be followed in booking the natural calamity expenses and exemption from budgetary control in SARAS software for the same was informed to all ARUs. The ARU Officers shall ensure that the expenditure related to natural calamity shall be booked under the respective account heads issued for the same.
9. The Chief Engineers under the Distribution Wing shall ensure that the funds required for purchase of furniture and office equipments for the ARUs under their control are reallocated from the budget provision under normal work of their respective offices to the ARUs under their control.
10. The ARU Officers also ensure that all the anticipated savings shall be surrendered as per the provisions of the Budget Manual.
11. ARU Officer shall make a monthly/quarterly review of actual expenses against the budget provision. Likewise, discussions shall be made with the field officers about the budget provision, actual expenditures and make analysis of expenditure to ensure cost consciousness in field levels for initiating cost reduction and cost control.

All ARU Officers/Officers responsible to incur expenditure are directed to follow the above instructions scrupulously.


SECRETARY (ADMINISTRATION)

To

All ARU Heads.

Copy to:-

1. All Chief Engineers.
2. Chief Vigilance Officer
3. The Chief Internal Auditor.
4. All Deputy Chief Engineers.
5. All Executive Engineers/Executive Engineer, Regional IT Unit, Kozhikode.
6. All Regional Audit Officers.
7. The T.A. to Chairman & Managing Director/Director (Distribution and IT)/ Director (Transmission & System Operation)/Director (Generation - Civil & HRM)/ Director (Corporate Planning, Generation - Electrical, SCM and Safety).
8. The P.A. to Director (Finance)/Secretary (Administration).
9. Records/Library/Stock file.