

**Part - A**  
**Panchayat Raj Institutions**



# **Chapter – I**

**An overview of the functioning and financial reporting issues of Panchayat Raj Institutions**



## Chapter I

### Section A

#### An overview of the functioning of the Panchayat Raj Institutions (PRIs) in the State

#### 1.1 Introduction

Government of India (GoI) enacted (1992) 73<sup>rd</sup> amendment to the Constitution to empower Panchayat Raj Institutions (PRIs) as local self-governing institutions to ensure a more participative governing structure in the country. Accordingly, State Government enacted Andhra Pradesh Panchayat Raj (APPR) Act in 1994 and repealed all the earlier Acts, to establish a three-tier system *viz.*, Gram Panchayat (GP), Mandal Praja Parishad (MPP) and Zilla Praja Parishad (ZPP) at Village, Mandal and District levels respectively. The profile of the PRIs of the State is given in Table 1.1

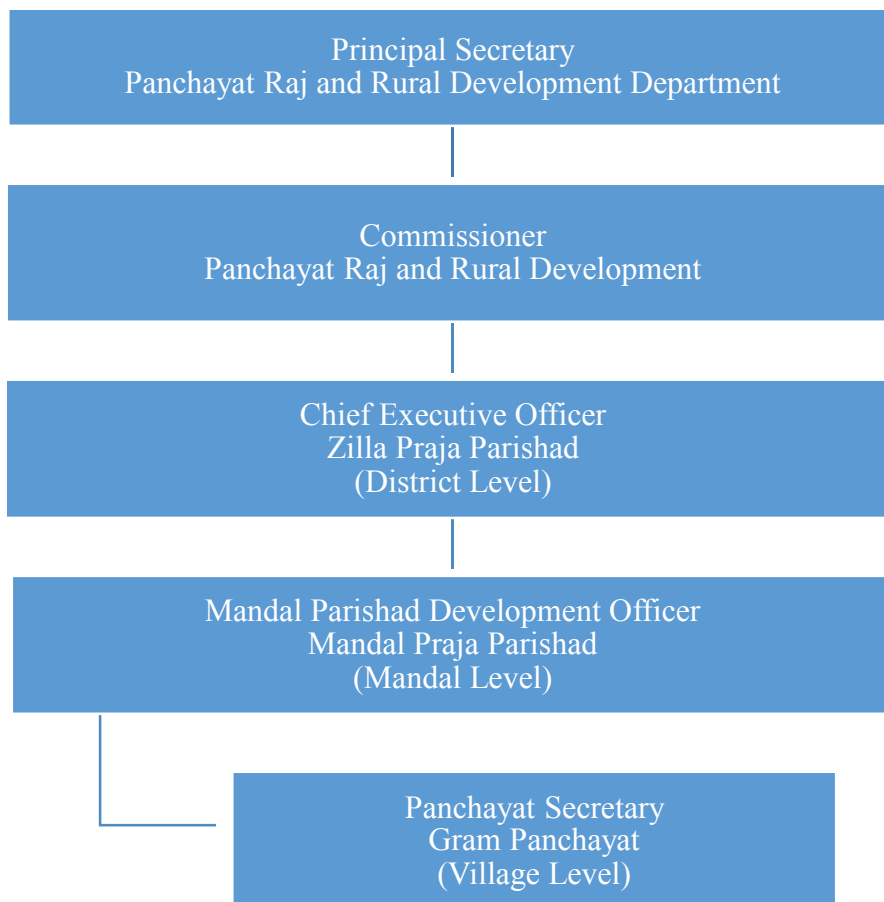
**Table 1.1**

Indicator	Unit	State statistics
Area	Sq.km.	1,62,970
Mandal/ Tehsil	Number	660
Villages	Number	17,366
Total population (Census 2011)	Crore	4.96
Rural population	Crore	3.50
Rural sex ratio	Females per 1000 Males	994
Density	Persons per Sq. Km	220
Rural literacy rate	Percentage	62.37
Male literacy rate	Percentage	70.48
Female literacy rate	Percentage	54.25
Scheduled Caste population	Percentage	17.08
Scheduled Tribe population	Percentage	5.53
Zilla Praja Parishads	Number	13
Mandal Praja Parishads	Number	660
Gram Panchayats	Number	12,920

Source: Information furnished (August 2017) by Commissioner, Panchayat Raj and Rural Development (CPR&RD) and Andhra Pradesh at a Glance published (2016-17) by Directorate of Economics and Statistics, Government of Andhra Pradesh

## 1.2 Organisational set-up of PRIs

Organisational arrangements for the PRIs are as follows:



Elections to the PRIs at all the tiers were last conducted in April/May 2014. The elected members of ZPP, MPP and GP were headed by Chairperson, President and Sarpanch respectively. They convene and preside over the meetings of standing committees and General Body.

## 1.3 Functioning of PRIs

Eleventh Schedule to 73<sup>rd</sup> Constitutional Amendment Act, 1992, lists 29 subjects for devolution to strengthen the PRIs. During 2007-08, State Government devolved 10<sup>1</sup> functions to PRIs and thereafter, no functions were devolved. Funds relating to devolved functions were released to PRIs through concerned line departments. During 2016-17, only three line departments released funds amounting to ₹95.78 crore to PRIs in 11 out of 13 districts. Out of this, ₹53.70 crore was expended (*Appendix- 1.1*).

<sup>1</sup> (i) Agriculture and Agriculture Extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Health and Sanitation (v) Education, including Primary, Secondary and Adult Education and non-formal education (vi) Drinking Water (vii) Poverty Alleviation Programme (viii) Women and Child Development (ix) Social Welfare, including Welfare of the Handicapped and Mentally retarded and (x) Welfare of the Weaker Sections and in particular of the Scheduled Castes and Scheduled Tribes

## 1.4 Formation of various committees

As per the provisions of APPR Act, 1994, various committees were to be constituted at ZPP, MPP and GP level. At ZPP level seven<sup>2</sup> standing committees were to be constituted to monitor the progress of implementation of works and schemes related to subjects assigned to them. Functional Committees<sup>3</sup> at MPP and GP were to be constituted to monitor the progress of implementation of works and schemes. During the year 2016-17, functional committees were not constituted in respect of 11<sup>4</sup> out of 20 test-checked GPs. Similarly, functional committee was not constituted in one (Rajamahendravaram) out of 20 test-checked MPPs.

The State was empowered<sup>5</sup> to constitute a District Planning Committee (DPC) at district level. This was to ensure that each Panchayat in the district prepares a development plan for the financial year. This plan was to be consolidated into the District Development Plan (DDP) and to be submitted to the Government for incorporation into the State plan. Out of test-checked 20 GPs, it was observed that nine<sup>6</sup> GPs had not prepared the development plan.

## 1.5 Sources of funds

Resource base of PRI consists of:

- i. Own revenue generated by collection of tax<sup>7</sup>
- ii. Non-tax<sup>8</sup> revenues
- iii. Devolution at the instance of State and Central Finance Commissions, Central and State Government grants for maintenance and development purposes
- iv. Other receipts<sup>9</sup>

Summary of receipts of PRIs for the years 2012-17 is given below. Receipts for the period 2012-14 pertain to the composite State whereas the receipts for the period 2014-17 pertain to the residuary State of Andhra Pradesh.

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<sup>2</sup> (i) Planning and Finance (ii) Rural Development (iii) Agriculture (iv) Education and Medical Service (v) Women Welfare (vi) Social Welfare and (vii) Works

<sup>3</sup> for Agriculture, Public Health, Water Supply, Sanitation, Family Planning, Education and Communication

<sup>4</sup> One GP of Anantapuramu, One GP of Srikakulam, One GP of Vishakhapatnam, four GPs of Prakasam and four GPs of East Godavari districts

<sup>5</sup> Article 243ZD of the Constitution of India

<sup>6</sup> One GP of Visakhapatnam, five GPs of Prakasam and three GPs of East Godavari districts

<sup>7</sup> Property Tax, Advertisement Fee, etc.

<sup>8</sup> Water tax, Rents from markets, shops and other properties, auction proceeds etc.

<sup>9</sup> Donations, interest on deposits, etc.

**Table 1.2**

(₹ in crore)

Sl. No.	Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
1	Own Revenue	976.50	736.50	306.31*	204.17	279.74
2	Assigned Revenue <sup>10</sup>	154.36	457.24	1,137.12#	364.31	74.27
3	State Government Grants	343.97	350.59	136.78	182.67	195.07
4	GoI Grants	1,201.03	1,330.86	21.86	735.55	985.02
5	Other Receipts	84.18	NA**	NA**	322.05	328.62
	<b>Total</b>	<b>2,760.04</b>	<b>2,875.19</b>	<b>1,602.07</b>	<b>1,808.75</b>	<b>1,862.72</b>

Source: Commissioner, Panchayat Raj and Rural Development

\* Data pertains to 12 ZPPs, MPPs of 9 districts and GPs of 13 districts

# Data pertains to 11 ZPPs, MPPs of 8 districts and GPs of 13 districts

\*\* Data not made available to audit despite specific requests

### 1.5.1 Financial assistance to PRIs

The quantum of financial assistance provided by State Government to PRIs by way of grants and loans for the years 2012-14 pertaining to the composite State and for 2014-17 pertaining to the residuary State of Andhra Pradesh is given below:

**Table 1.3**

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Budget	329.27	328.89	214.68	128.45	292.32
Actual Release	158.10	164.57	106.39	128.45	284.18
Expenditure	98.20	114.85	116.04	NA	274.26

Source: Commissioner, Panchayat Raj and Rural Development

NA Data not made available to audit despite specific requests

### 1.5.2 Application of funds

Summary of expenditure incurred by PRIs for the years 2012-14 pertaining to the composite State of Andhra Pradesh and 2014-17 pertaining to the residuary State of Andhra Pradesh is given below:

**Table 1.4**

(₹ in crore)

Type of Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue	1,405.50	3,562.39	1,021.72*	5,122.59	2,371.06 <sup>\$</sup>
Capital	1,033.47	1,756.98	700.27 <sup>#</sup>	625.04	285.11 <sup>\$\$</sup>
<b>Total</b>	<b>2,438.97</b>	<b>5,319.37</b>	<b>1,721.99</b>	<b>5,747.63</b>	<b>2,656.17</b>

\* Data pertains to 12 ZPPs, MPPs of 9 districts and GPs of Krishna district

# Data pertains to 11 ZPPs, MPPs of 7 districts and GPs of Krishna district

\$ Data pertains to 2 ZPPs, 1 MPP and GPs of 4 districts

\$\$ Data pertains to 3 ZPPs, 2 MPP and 3 GPs

<sup>10</sup> Seigniorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to Local Bodies in the form of assigned revenue



## 1.6 Recommendations of State Finance Commission (SFC)

As per Article 243-I of the Constitution of India and Section 235 of APPR Act 1994, SFC has to be constituted once in five years to recommend devolution of funds from the State Government to Local bodies. State Government did not constitute SFC after Third SFC (2003). The Committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period from 2010 to 2015 also. Department stated that during 2016-17, State Government released ₹166.86 crore to PRIs of the State and entire amount was spent as of August 2017.

## 1.7 Recommendations of the Central Finance Commission (CFC)

### 1.7.1 Fourteenth Finance Commission (FFC)

The Fourteenth Finance Commission (FFC) recommended assured transfer of funds to the local bodies for planning and delivering basic services<sup>11</sup>. Grants are released under two components i.e., Basic Grant and Performance Grant in the ratio of 90:10.

GoI released ₹1,454.06 crore during the year 2016-17. Department stated that entire amount released was expended as of August 2017.

## 1.8 Audit mandate

### 1.8.1 Primary Auditor

Director, State Audit (DSA), functioning under the administrative control of Finance Department, is the statutory auditor for PRIs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare annual Consolidated Audit and Review Report for presentation to the State Legislature. DSA has four Regional offices and 13 District offices in the State. As per Section 10 of the Act, DSA is empowered to initiate proceedings against the persons responsible for causing loss to the funds of local authorities. Such amounts are to be recovered by the executive authority concerned under Revenue Recovery (RR) Act.

As per information furnished (October 2017) by DSA, audit of the accounts of one ZPP, 13 MPPs and 247 GPs was in arrears. DSA attributed delay in audit of accounts to non-production of records by the concerned PRIs. As of March 2017, 4,479 Surcharge Certificates<sup>12</sup> for ₹7.79 crore were issued. However, an amount of ₹14,000 only was recovered in one case upto March 2017. Recovery of meagre amount indicated that the concerned executive authorities had been lax to implement Act provisions against the persons causing loss of the funds of PRIs.

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<sup>11</sup> water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds

<sup>12</sup> Surcharge is an extra payment of money in addition to the usual payment. Director of State Audit may disallow every item of expenditure incurred contrary to law and surcharge the same on the person incurring or authorising the incurring of such expenditure. Surcharge certificate means the certificate by which the charge or the liability of a surchargee is communicated.

The Consolidated Audit and Review Report for the year 2011-12 was tabled in the State Legislature in March 2016. DSA stated (October 2017) that consolidation of Report for the year 2012-13 was under progress. DSA attributed the reasons for delay in consolidation of reports to non-availability of sufficient staff after bifurcation of the State. Some of the major findings observed in 2011-12 report relate to excess utilisation/non-utilisation/diversion/mis-utilisation of grants, non-collection of taxes and fee, advances pending adjustment, etc.

### **1.8.2 Audit by Comptroller and Auditor General of India (CAG)**

Based on the recommendations of the Eleventh Finance Commission, State Government entrusted (August 2004) CAG with the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under Section 20(1) of the CAG's (DPC) Act.

Based on test check of PRIs, a TGS note was prepared at the end of each financial year and forwarded to the DSA for improving the quality of their reports. TGS note for the year 2016-17 was issued in August 2017.

#### ***Planning and conduct of audit***

The Audit process commences with assessment of the risk<sup>13</sup> based on the following parameters:

- i. Expenditure incurred
- ii. Criticality/complexity of activities
- iii. Priority accorded to the activity by Government
- iv. Level of delegated financial powers
- v. Assessment of internal controls and
- vi. Concerns of stakeholders.

Previous audit findings were also considered in this exercise. Based on this risk assessment, frequency and extent of audit was decided and an annual audit plan was formulated to conduct audit. During 2016-17, 44 PRIs (four ZPPs, 20 MPPs and 20 GPs), falling under the department of Panchayat Raj and Rural Development, were covered in audit.

Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was tabled in the State Legislature on 31 March 2017.

### **1.9 Response to Audit observations**

After completion of audit, Inspection Reports (IRs) containing audit findings were issued to the Head of the unit concerned. Heads of offices and next higher authorities were required to respond to the observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs were also discussed in meetings at district level by officers of the departments with officers of Principal Accountant General's office.

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<sup>13</sup> of department/local body/scheme/programme, etc.

As of November 2017, 240 IRs containing 1,842 paragraphs pertaining to the period up to 2016-17 were pending settlement as given below. Of these, initial replies had not been received in respect of 48 IRs and 649 paragraphs.

**Table 1.5**

Year	Number of IRs /Paragraphs		IRs/Paragraphs where even initial replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
Up to 2015-16	216	1,421	24	228
2016-17	24	421	24	421
Total	<b>240</b>	<b>1,842</b>	<b>48</b>	<b>649</b>

Lack of action on IRs was fraught with the risk of perpetuating serious financial and other irregularities pointed out in these reports remaining unaddressed.

## Section B

### Accountability Framework and Financial Reporting Issues

#### 1.10 Accounting framework

##### 1.10.1 Ombudsman

Thirteenth Finance Commission had recommended establishment of an independent Local Body Ombudsman system. Commissioner, Panchayat Raj and Rural Development (CPR&RD) stated (August 2017) that no separate Ombudsman was adopted in Andhra Pradesh. The existing AP Lokayukta Institution takes up complaints against the functionaries and elected representatives of PRIs. Number of cases registered district wise and their disposal was, however, not furnished by CPR&RD despite specific request.

##### 1.10.2 Social Audit

Social audit involves verification of implementation of programmes/schemes and delivery of the envisaged results by the community with active involvement of primary stakeholders. In May 2009, State Government created an independent autonomous body called the Society for Social Audit, Accountability and Transparency (SSAAT)<sup>14</sup>.

Post bifurcation of the State of Andhra Pradesh into Telangana and Andhra Pradesh with effect from 2 June 2014, a new Society was registered under the Andhra Pradesh Societies Registration Act, 2001 for Andhra Pradesh. Existing Society was retained for Telangana State. Functioning of the Society during 2016-17 showed the following:

<sup>14</sup> The society was to carry out social audits of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and other anti-poverty/welfare programmes of the Department of Rural Development

- i. State Government should facilitate<sup>15</sup> conduct of Social Audit of the works taken up under the Act<sup>16</sup> in every Gram Panchayat at least once in six months, i.e., twice a year. The Social Auditors are required to conduct 100 *per cent* check of muster rolls and work sites. During the year 2016-17, SSAAT had carried out Social audits of 12,975<sup>17</sup> GPs in the State. However, only 65 GPs (0.5 *per cent*) were covered twice a year. SSAAT attributed (June 2017) the shortfall in coverage of audit to requests for postponement of audit on the grounds of elections, Janma Bhoomi programme and diversion of staff for training.
- ii. As per State Social Audit Rules, the District Vigilance Cell is responsible to take follow up action on the social audit observations immediately (within three days) on conclusion of the mandal social audit public hearing. During 2016-17, SSAAT found deviations amounting to ₹192.96 crore. Out of this, deviations of ₹111.79 crore (58 *per cent*) were accepted by the Presiding Officers<sup>18</sup>. An amount of ₹19.09 crore was recoverable, however, an amount of ₹0.12 crore only was recovered (as of March 2017) leaving a balance of ₹18.97 crore.

### 1.11 Submission of Utilization Certificates (UCs)

Scheme guidelines of Centrally Sponsored Schemes (CSS) and Central Finance Commissions (CFCs) stipulate that UCs should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI.

State Government forwarded UCs to GoI for ₹642.77 crore against the total releases of ₹1,454.06 crore (up to March 2017) under Fourteenth Finance Commission Grant. However, UCs for ₹811.29 crore were yet to be submitted as of August 2017. Similarly, an amount of ₹166.86 crore was released (up to March 2017) under the State Finance Commission grant. UCs were, however, not obtained till date (August 2017).

Records of 24 test-checked PRIs (20 MPPs and 4 ZPPs) showed that UCs for ₹66.64 crore for the period from 2012-17 were not received from 10<sup>19</sup> MPPs and one ZPP<sup>20</sup> as of March 2017.

### 1.12 Internal Audit and Internal Control System of PRIs

As per Section 44(2)(a) and (b) of APPR Act, 1994 Government should appoint District Panchayat Officers, Divisional Panchayat Officers and Extension Officers as Inspecting Officers for overseeing the operations of Gram Panchayats (GPs). As per Government Orders<sup>21</sup>, all the district offices and their subordinate offices are required to be inspected

<sup>15</sup> As per Section 3(1) of Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011

<sup>16</sup> Mahatma Gandhi National Rural Employment Guarantee Act, 2005

<sup>17</sup> Social audit to be conducted by SSAAT = 12,920 GPs x 2 times = 25,840

<sup>18</sup> District Programme Officer nominates a senior officer not less than the rank of the Additional District Programme Coordinator for presiding over the public hearing

<sup>19</sup> Akividu, Anandapuram, Chintalapudi, Mandapeta, Palakonda, Parvada, Puttaparthi, Rajole, Samalkota and Undrajavaram

<sup>20</sup> Machilipatnam

<sup>21</sup> G.O. Ms. No. 247 GAD dated 08.02.1962 along with Government Memo in Circular No. 42050/AR-III/97-7, GAD dated 26-07-1977

by Heads of the Department periodically. Records (2016-17) of test-checked PRIs showed that inspections were not conducted in 20<sup>22</sup> GPs (out of 20 GPs), 14<sup>23</sup> MPPs (out of 20 MPPs) and two ZPPs<sup>24</sup> (out of 4 ZPPs). The department stated (August 2017) that inspection could not be conducted due to State re-organisation (2 June 2014) and shifting of offices to new capital area. It was assured that action plan would be prepared to complete the inspection as per the rules.

### **1.13 Maintenance of records**

ZPPs and MPPs shall maintain records such as Cash book, Assets Register, Advance Register, Stock Registers etc. as per the provisions of APPR Act, 1994. Records of GPs are to be maintained as per GP Accounts Manual of Panchayat Raj and Rural Development Department. However, records of 44 test-checked PRIs showed that cash books were not properly maintained<sup>25</sup> in eight<sup>26</sup> MPPs and 17<sup>27</sup> GPs.

#### **1.13.1 Physical verification of stores and stock**

Article 143 of Andhra Pradesh Financial Code (APFC) stipulates that all stores and stock should be verified physically once a year. A certificate to this effect is to be recorded by the Head of the Office in the register concerned. It was seen that annual physical verification of stores and stock was not conducted in 16 PRIs (two MPPs<sup>28</sup> and 14 GPs<sup>29</sup>) out of 44 PRIs test-checked during 2016-17.

#### **1.13.2 Non-reconciliation of departmental figures with treasury**

As per paragraph 19.6 of Andhra Pradesh Budget Manual, DDOs are required to reconcile departmental receipts and expenditure figures with those booked in treasury every month to avoid any misclassification and fraudulent draws. Reconciliation in respect of 18<sup>30</sup> PRIs (41 *per cent*) out of 44 test-checked PRIs was not done since 2013-14.

#### **1.13.3 Cases of misappropriation**

Andhra Pradesh Financial Code stipulated responsibilities of Government servants in dealing with Government money, the procedure for fixing responsibility for any loss

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<sup>22</sup> Akutotapally, Anandapuram, Bhogapuram, Chandrampalem, Darsi, Devarapaly, Dowleswaram, Duppada, Dwarapudi, Gajapathinagaram, Gargeyapuram, Inkollu, Kumili, Lakkavarapukota, Paravada, Parchur, Podili, Tanguturu, Terlam and Thummapala

<sup>23</sup> Akividu, Anakapalli, Anandapuram, Cheepurupalli, Chimakurthy, Chintalapudi, Mandapeta, Palakonda, Parvada, Puttaparthi, Rajamahendravaram, Rajole, Samalkota and Undrajavaram

<sup>24</sup> Chittoor and Kakinada.

<sup>25</sup> Overwriting without attestation by competent authority, monthly closing and reconciliation was not done by Drawing and Disbursing Officers etc.

<sup>26</sup> Addanki, Anakapalli, Gudur, Kurnool, Paravada, Puttaparthi, Rajamahendravaram and Rajole

<sup>27</sup> Anandapuram, Bhogapuram, Chandrampalem, Darsi, Devarapaly, Duppada, Gajapathinagaram, Gargeyapuram, Inkollu, Kumili, Lakkavarapukota, Paravada, Parchur, Podili, Tanguturu, Terlam and Thummapala

<sup>28</sup> Anakapalli and Rajole

<sup>29</sup> Akutotapally, Anandapuram, Bhogapuram, Chandrampalem, Devarapaly, Dowleswaram, Duppada, Dwarapudi, Gajapathinagaram, Gargeyapuram, Kumili, Lakkavarapukota, Terlam and Thummapala

<sup>30</sup> One GP in each Anantapuramu and East Godavari, five GPs in Prakasam, three GPs in Visakhapatnam, six GPs in Vizianagaram and MPDOs of Palakonda and Rajole

sustained by Government and the action to be initiated for recovery. State Government had ordered (February 2004) the Secretaries of all the departments to review the cases of misappropriation in their departments on a monthly basis. The Chief Secretary to Government was to review these cases once in six months with all the Secretaries concerned. Misappropriation cases noticed by Director, State Audit, which were not disposed of as of March 2017 are detailed below:

**Table 1.6**

(₹ in lakh)

Unit	As of March 2017 <sup>31</sup>	
	No. of cases	Amount
Zilla Praja Parishads	8	140.10
Mandal Praja Parishads	52	41.79
Gram Panchayats	586	518.70
<b>Total</b>	<b>646</b>	<b>700.59</b>

Source: Information furnished by Director, State Audit

Records of test-checked PRIs (MPPs and ZPP) showed that misappropriated amount of ₹35.64 lakh pertaining to 12 PRIs (11 MPDOs and one ZPP) was yet to be recovered as of October 2017. Urgent action needs to be taken by the Government in this regard.

#### 1.14 Maintenance of Accounts by PRIs

PRIs maintain accounts on cash basis. GoI prescribed a Model Accounting System in consultation with the Comptroller and Auditor General of India. State Government issued orders (September 2010) for adopting this format using PRIASoft (Panchayat Raj Institutions Accounting Software) developed by National Informatics Centre (NIC). Out of total 13,593<sup>32</sup> PRIs in the State, 7,931 PRIs were using PRIASoft for maintaining accounts while rest of the PRIs (5,662) were maintaining the accounts manually. Against 7,931 PRIs using PRIASoft, 3,461 PRIs, finalised their accounts for the year 2016-17 (November 2017) and in rest of the 4,470 PRIs, finalisation of accounts was in progress.

Records of 44 test-checked PRIs showed that seven PRIs<sup>33</sup> were not maintaining the accounts through PRIASoft. Further, discrepancies were noticed between annual accounts maintained manually and those uploaded in PRIASoft in respect of 10 PRIs<sup>34</sup>.

#### 1.15 Issues related to AC/DC Bills

As per Government Orders<sup>35</sup> an amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bill for the expenditure incurred, to the Accountant General (Accounts & Entitlements) with supporting

<sup>31</sup> No information has been provided in respect of misappropriation cases for the year 2016-17

<sup>32</sup> 13-ZPPs, 660-MPPs and 12,920-GPs

<sup>33</sup> MPDOs of Akividu, Chintalapudi, Palkol, Rajamahendravaram, Samalkot, Undrajavaram and ZPP Kakinada

<sup>34</sup> **GPs:** Darsi, Devarapalli, Dowleswaram, Gargeyapuram, Inkollu, Paravada, Parchur, Tangutur  
**MPPs:** Mandapeta and Kurnool

<sup>35</sup> G.O. Ms.No.285 Finance (TFR-II) department dated 15 October 2005, Andhra Pradesh Treasury Code, Rule 16, sub rule 18(d) and G.O. Ms.No.391 and 507 of April/May 2002 of Finance department



vouchers within one month of drawal of such amount.

Submission of DC bills for an amount of ₹79.55 lakh was pending as of July 2017 which were drawn through AC bills<sup>36</sup> by PRIs during the period 2011-17.

### **1.16 Advances pending adjustment**

As per Andhra Pradesh Financial Code, advances paid should be adjusted without any delay. Drawing and Disbursing Officers (DDOs) concerned should watch their adjustment. Records of 44 test-checked PRIs showed that advances of ₹18.45 lakh were paid (2010-16) to staff in four PRIs<sup>37</sup> for various purposes. These advances remained unadjusted as of March 2017.

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<sup>36</sup> As per information furnished by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh, Hyderabad

<sup>37</sup> **MPP:** Addanki (₹4.62 lakh), Cheemakurthy (₹0.67 lakh) and Ravulapalem (₹8.03 lakh)  
**GP:** Gajapathinagaram (₹5.13 lakh)

