

Consolidated State Audit Report 2000-01 (A.M.C)

1. DIVERSION OF GRANTS / FUNDS

- 5.1 Agricultural market Committees are empowered to levy and collect Market fee on the Live Stock and Agricultural produce marketed in their jurisdiction and Licence Fee from the traders. All the monies received by the Agricultural market Committees form part of their general funds and they can be utilized for the purposes prescribed under the Act / Rules. It was noticed in audit that in certain Agricultural market Committees funds were utilized for other than the permitted purposes. However, specific grants received should be utilized for the purpose for which the grant is released.
- 5.2 A Statement of such cases noticed is appended to the Report **Statement No. 4 (1)**.

2. EXCESS UTILISATION OF FUNDS

- 6.1 During the course of audit, several instances have come to the notice of audit that certain Agricultural Market Committees incurred expenditure in excess of the Budget sanctioned. Necessary steps are called for to curb this sort of financial indiscipline at the earliest. The excess expenditure incurred, should be got ratified by revised estimates.
- 6.2 All such cases of excess expenditure over and above the sanctioned budget are detailed in **Statement No. 4 (2)** to the Report from which it could be seen that a total amount of **Rs. 213.89 lakhs** was pointed out in the relevant audit reports in **397** paras.

3. MIS-UTILISATION OF GRANTS / FUNDS

- 7.1 *Many cases of Mis-utilisation of funds/grants were noticed in audit, a few of them are mentioned below.*
- 7.2 *A total number of **21** such cases involving an amount of **Rs. 1.90 lakhs** were pointed out in audit.*
- 7.3 *A Statement of such cases noticed is appended to the Report [Statement No. 4 (3)]*
- 7.4 **AGRICULTURAL MARKET COMMITTEE – VISAKHAPATNAM – VISAKHAPATNAM DISTRICT.**

EXTRAORDINARY EXPENDITURE – MISUTILISATION OF MARKET COMMITTEE FUNDS – Rs. 38,045/-

An amount of Rs. 38,045/- was spent for providing lunch, tea and hire charges of vehicles engaged during the visit of Director of Marketing, Andhra Pradesh, Hyderabad to Visakhapatnam. The funds of Agricultural Market Committee have to be utilised for the purposes indicated under Section 15 of A.P. Agriculture Market Committees & Livestock Act and not for any other purposes without permission from Government.

The executive authority has incurred such an extraordinary expenditure, which constitutes mis-utilisation of the Market Committee Funds.

(Para No. 14 of the Audit Report)

7.5 AGRICULTURAL MARKET COMMITTEE – DHARMAPURI – KARIMNAGAR DISTRICT.

PAYMENT OF TELEPHONE CHARGES OF THE OFFICE OF THE ASSISTANT DIRECTOR OF MARKETING, KARIMNAGAR FROM AGRICULTURAL MARKET COMMITTEE FUNDS – MIS-UTILISATION OF AGRICULTURAL MARKET COMMITTEE FUNDS – Rs. 4,975/-

An amount of Rs. 4,975/- was paid from the funds of Agricultural Market Committee, Dharmapuri towards Telephone charges of the office of the Assistant Director of Marketing, Karimnagar on reimbursement basis at the request of the Assistant Director Marketing, Karimnagar. Though the Assistant Director has got separate budget allocation for this purpose, the amount was not reimbursed so far.

(Para No. 15 of the Audit Report)

4. MIS-APPROPRIATIONS

8.1 *Cases of Misappropriation of moneys noticed in audit were pointed out in the Audit Reports.*

8.2 *A consolidated statement of Mis-appropriations noticed in audit is annexed vide **Statement No. 4 (4)** A total number of **18** cases involving an amount of **Rs. 5.99 lakhs** were pointed out in the relevant Audit Reports.*

8.3 *To illustrate the various types of “Modus Operandi” a few of the cases pointed out are reproduced below.*

8.4 AGRICULTURAL MARKET COMMITTEE – CHITYAL – NALGONDA DISTRICT.

SALE OF FERTILIZERS AND PESTICIDES SHORT REMITTANCES OF SALE PROCEEDS – AMOUNT MIS-APPROPRIATED – Rs. 2,064/-

On verification of the Receipt Books used for sale of fertilizers and pesticides in Narkatpally Sub yard of Agricultural Market

Committee, Chityal, it was noticed that the sale proceeds were not fully remitted to the Agricultural Market Committee funds as noted below.

Sl. No.	Receipt No. & Date	Sale particulars	Amount Collected Rs.	Amount Remitted Rs.	Balance Rs.
1	1919/ 24-09-2000	7 bags of Nagarjuna Urea	1,617/-	231/-	1,386/-
2	3715/ 13-02-2001	3 bags of Nagarjuna Urea	678/-	226/-	452/-
3	3763/ 16-02-2001	2 bags of Nagarjuna urea	452/-	226/-	226/-
		Total:	2,747/-	683/-	2,064/-

Thus the amount of Rs. 2,064/- (Rupees two thousand and sixty four only) short remitted was misappropriated. Such short remittance of sale proceeds is due to failure of the Secretary, Agricultural Market Committee to periodically check the Receipt Books and remittances of the amounts collected.

(Para No. 15 of the Audit Report)

8.5 AGRICULTURAL MARKET COMMITTEE – NEREDUCHERLA – NALGONDA DISTRICT.

SHORT REMITTANCE OF AMOUNTS COLLECTED – MIS-APPROPRIATION OF AMOUNT – Rs. 14,530/-

During the course of audit of Daily Cash Book maintained by Sri V. Ramulu, Market Supervisor, it was found that the amounts collected were short remitted to the Agricultural Market Committee Funds as detailed below.

Sl. No.	Receipt No. & Date	Amount Collected Rs.	Amount Remitted Rs.	Balance Rs.
1	6185 to 6208/62/ 06-11-2000	16,000/-	1,600/-	14,400/-
2	6127/62 / 25-10-2000	1,100/-	1,000/-	100/-

3	3-91 / 20-03-2001	280/-	250/-	30/-
	Total:	17,380/-	2,850/-	14,530/-

The amount thus short remitted i.e., Rs. 14,530/- (Rupees Fourteen thousand five hundred and thirty only) was mis-appropriated. Failure of the Secretary, Agricultural Market Committee to periodically check the receipts books has given scope for such misappropriation and for such failure, the Secretary should be personally held responsible under Article 5 and 273 of Andhra Pradesh Financial Code.

(Para No. 15 of the Audit Report)

8.6 AGRICULTURAL MARKET COMMITTEE – KURUPAM – SRIKAKULAM DISTRICT.

MIS-APPROPRIATION OF MARKET FEES, LICENCE FEES AND OTHER MISCELLANEOUS RECEIPTS BY SHORT REMITTANCE OF COLLECTIONS – Rs. 3,40,052/-

During the verification of remittance of Market fees, Licence fees and other Miscellaneous receipts collected at check post points at Jogirajupet, Simma Lakshmpuram and office of the Market Committee to the Market Committee funds during the period from 01-04-2000 to 31-07-2001, it was found that a total amount of Rs. 9,39,286/- was collected. With the Opening Balance as on 01-04-2000 of Rs. 38,277/- added to the collections, the total amount to be remitted to the Market Committee funds worked out to Rs. 9,77,563/- against which an amount of Rs. 6,37,511 only was remitted to the Market Committee funds leaving a balance of Rs. 3,40,052. The former Secretary, Sri Ganeshwara Rao had not remitted this amount. However, he had remitted an amount of Rs. 1,50,000/- vide challan No. 69 dated 10-08-2001. The balance amount of Rs. 1,90,052/- still remains to be recovered from him with penal interest.

5. WASTEFUL EXPENDITURE

9.1 The cannons of financial propriety envisaged in Andhra Pradesh Financial Code are sacrosanct for all Government Authorities entrusted with authorising or incurring of expenditure from public funds. They are expected under Article 3 to exercise the same delligence and care in expending public money under their control as persons of ordinary prudence would exercise in respect of their own money. Government have issued instructions through various orders and also incorporated in the statutes of local bodies the various items on which public money can be expended and the principles to be adhered to while expending on such items. Yet, it was noticed in audit that the funds of Agricultural Market Committees were several times incurred without adhering to the laid down principles leading to wasteful expenditure of public money. All the cases of such wasteful expenditure observed in the audit of Agricultural Market Committees for the year 2002-03 were

expenditures that were avoidable, extraordinary and lacked proper planning.

- 9.2 Consolidated Statement of Wasteful Expenditure incurred is annexed to the Report [**Statement No. 4 (5)**] from which it could be seen that an amount of **Rs. 157.60** was pointed out as Wasteful Expenditure.

6. EXCESS PAYMENTS

- 10.1 *It was observed in audit that in several cases excess payments were made due to*

- (a) *Incorrect calculations*
- (b) *Excess totalling in Bills*
- (c) *Admission of inadmissible claims*
- (d) *Lack of knowledge of government instructions.*

- 10.2 *Consolidated statement of Excess payments [**Statement No. 4 (6)**] is appended to the Report. The excess payments pointed out in 347 Audit paras were involving an amount of **Rs. 38.18 lakhs**.*

A few cases of Excess Payments are mentioned below.

- 10.3 **AGRICULTURAL MARKET COMMITTEE – S.N.PADU – PRAKASAM DISTRICT.**

INTEREST ON PROVIDENT FUND EXCESS CREDITED – CONSEQUENTIAL EXCESS PAYMENT – Rs. 5,026/-

As verified from the Provident Fund Ledger, interest @ 12% was calculated on the accumulated amounts of the Provident Fund of staff working in the Agricultural Market Committee and credited to the subscribers accounts.

According to G.O. Ms. No. 63 Finance & Planning Department, dated: 06-06-2000, the rate of interest on provident fund was 11% only. But contrary to the Government orders interest was calculated @ 12% instead at 11% for the year 2000-01. Consequent on allowing interest of 12%, a sum of Rs. 5,026/- was excess paid to the Provident Fund subscribers and caused loss to the Agricultural Market Committee Funds which should be recovered from the persons responsible and credited to Agricultural Market Committee funds.

(Para No.18 of Audit Report)

10.4 AGRICULTURAL MARKET COMMITTEE – CHIRALA – PRAKASAM DISTRICT.

PAYMENT OF DEARNESS RELIEF TO FAMILY PENSIONER NOT ADMISSIBLE – EXCESS PAID – Rs.1,358/-

Smt. A. Neelavathi, who was appointed as Attender under compassionate scheme, was allowed Dearness Relief on Family pension for the period from 09/2000 onwards.

Government have issued orders in their G.O. Ms. No. 89 Finance & Planning Department, dated: 25-05-1998, that the Dearness Relief announced from time to time shall be payable to the pensioners who are employed under the Scheme of Compassionate appointments. However, these orders were cancelled vide G.O. Ms. No. 125 Finance & Planning Department, dated: 01-09-2000, with immediate effect. Accordingly, the persons who were appointed under the Scheme of Compassionate appointments are not entitled for Dearness Relief from 01-09-2000.

As such payment of Dearness Relief with effect from 01-09-2000, is contrary to Government orders and consequent on drawal of dearness relief on family pension, a sum of Rs. 1,358/- was excess paid to the individual.

(Para No.38 of Audit Report)

10.5 AGRICULTURAL MARKET COMMITTEE – GUDIVADA – KRISHNA DISTRICT.

RECOVERIES MADE FROM THE WORK BILLS-EXCESS REMITTANCES AGAINST THE ACTUALS – Rs. 1,04,668/-

As verified from Vr.No.415 / 31-03-2001, a sum of Rs. 1,61,174/- was remitted which was deducted from work bills to the appropriate heads of accounts under Income Tax, Sales Tax and Seigniorage charges. As verified from the challans, a sum of Rs. 1,04,668/- was already remitted to the concerned heads and the remaining balance of Rs. 56,506/- only was to be remitted. But without verification of the amount already remitted, a sum of Rs. 1,61,174/- was again remitted to the concerned heads of account.

Due to remittance of Rs. 1,61,174/- instead of Rs. 56,506/- a sum of Rs. 1,04,668/- was excess remitted to various heads from Agricultural Market Committee funds thereby causing loss to the Agricultural Market Committee Funds. Necessary action in this regard is called for.

(Para No.15 of the Audit Report)

10.6 AGRICULTURAL MARKET COMMITTEE – ANAKAPALLY – VISAKHAPATNAM DISTRICT.

EXECUTION OF WORK – HIGHER RATE ADOPTED INSTEAD OF AGREEMENT RATE – EXCESS PAID – Rs. 9,003/-

The work "Construction of Platform at. N.T.R Market Yard" was entrusted to Sri. A. Abbala Chowdari, Contractor. Agreement was made for the execution of item R.R. masonry (1:6) using 60 mm O.T.G. for foundation and basement @ Rs. 710/- per cu.m. But while making payment for the above item of work the rate of Rs. 783/- per cu.m was adopted and a sum of Rs.96,567/- was paid to the contractor for 123.33 cu.m as detailed below.

Amount paid	123.33 x @ 783.00 per cu.m	Rs. 96,567/-
Amount Admissible	123.33 x @ 710.00 per cu.m	Rs. 87,564/-
	Excess Paid:	Rs. 9,003/-

The reasons for adoption of higher rate of Rs. 783/- per cu.m instead of agreement rate of Rs. 710/- was not explained to audit. Consequent on adoption of higher rate, a sum of Rs. 9,003/- was excess paid from Agricultural Market Committee funds. Such excess payment needs recovery from the person / persons responsible.

(Para 15 of the Audit Report)

7. INSTANCES OF CASES OF UNACCOUNTED FOR (CASH / STORES)

11.1 Several instances of Cash / Stores unaccounted for were noticed during the course of audit and a few of such audit observations are furnished hereunder.

11.2 Consolidated Statement of cases of unaccounted for Cash / Stores [Statement No. 4 (7)] is appended to the Report from which it can be noticed that 63 Paras pointing out to **Rs. 74.22 Lakhs** were raised during the year.

11.3 AGRICULTURAL MARKET COMMITTEE – KANCHIKACHERLA – KRISHNA DISTRICT.

FERTILIZERS AND PESTICIDES – SHORTAGE IN STOCKS – Rs. 1,54,375-74.

As verified from the abstract of Trading Account i.e., the Ledger of Agricultural Market Committee, Kanchikacherla, stock of fertilisers and pesticides worth Rs. 1,54,375-74 was found short. Due to failure to periodically check, the physical balances with the book balances the shortage in stocks could not be detected to take appropriate action against the persons responsible.

(Para No. 15 of Audit Report)

8. NON COLLECTION OF DUES

NON-COLLECTION / SHORT COLLECTION OF MARKET FEES AND LICENSE FEES IN AGRICULTURAL MARKET COMMITTEES – INCLUDING CASES OF MANAGEMENT RESULTING IN SHORT REALISATION.

- 12.1 On verification of revenue collections in Agricultural Market Committees, huge amounts have been noticed to be pending realization for long periods and allowed to become barred by limitation of time. No appropriate action seemed to have been initiated by the executive authorities before the dues become barred by limitation of time, inspite of various statutory provisions for their recovery.
- 12.2 Consolidated Statement showing details of Non-Collection of Dues is Annexed to the Report vide **Statement No. 4 (8)** from which it can be seen that **924** No. of Audit Objections involving an amount of **Rs. 1016.92 lakhs** were raised in the Audit Reports for the year.

12.3 AGRICULTURAL MARKET COMMITTEES.

A sum of Rs. 34.18 lakhs towards market fees and licence fees are pending realization as at the close of the year 2000-01 as shown below. Expeditious action would need to be taken under Section 12 (c) of the AP Agricultural Produce & Live Stock Markets Act, 1966 for the recovery of the amounts due along with interest. The loss, if any, caused on account of failure on the part of Executive Authorities in collection would need to be made good from person or persons responsible.

Sl. No.	Name of the Agricultural Market Committee & District	Amount time barred Rs. in lakhs	Particulars	Para No. of Audit Report
1	Kothavalasa, Vizianagaram.	9.34	Market Fees: 9.27 Licence Fees:0.07	06
2	Narsapur, West Godavari.	2.14	Market Fees	07
3	Proddutur, Cuddapah.	3.33	Market Fees	11
4	Vijayawada, Krishna.	10.14	Market Fees	06
5	Macherla, Guntur.	2.40	Market Fees	11
6	Repalle, Guntur.	1.57	Market Fees	12
7	Rayachoti, Cuddapah.	0.26	Market Fees	05
8	Huzurabad, Karimnagar.	2.27	Market Fees	12
9	Dhone, Kurnool.	2.73	Market Fees	12
	Total:	34.18		

12.4 **AGRICULTURAL MARKET COMMITTEE – GOPALAPURAM – WEST GODAVARI DISTRICT.**

LAND LEASED OUT TO A PRIVATE PARTY FOR INSTALLATION OF I.O.C. PETROL BUNK AT THE MARKET YARD OF GOPALAPURAM OF WEST GODAVARI DISTRICT – LEASE AMOUNT NOT FIXED AND COLLECTED – LOSS NEEDS RECOVERY – Rs.1.60 LAKHS.

In G.O. Rt. No. 2897/ Food & Agricultural Market-I Department, dated: 23-08-1989, Government have permitted the Agricultural Market Committee, Kovvuru to lease out 0.50 cents of land for a period of 10 years at Gopalapuram Market Yard to Sri Ch. Sessa Babu son of Varada Raju, Eluru for installation of I.O.C. Petrol Bunk. The Director of Marketing, Andhra Pradesh, Hyderabad has also issued orders in Letter No. 1715/89 dated: 23-12-1989 to that effect. The site was handed over to the lessee on 30-03-1990 and the lessee is still in possession of the land.

But, no action was taken by the Executive Authorities of the Market Committee from 30-03-1990 to get the lease / rent amount fixed by the concerned Executive Engineer, Marketing, Vijayawada till the expiry of the lease on 29-03-2000.

However, on being persued by the present Secretary, Agricultural Market Committee, Kovvuru the lease was fixed @ Rs.1,331/- per month from 30-03-1990 to 29-03-2000 vide Letter No. EE M, VJA (AE) W.E., 200 dated: 30-10-2000. The lease amount works out to Rs.1,59,720/- and needs to be collected immediately. Further the authority, under which the present lessee is allowed to continue without further permission from Government beyond 29-03-2000, was not explained to audit.

The loss, if any, caused due to inaction of the Executive Authorities in this regard may also be worked out and recovered and credited to the funds of the Agricultural Market Committee.

(Para No 11 of the Audit Report)

9. VARIATION IN ACCOUNT FIGURES

13.1 *It was observed in audit that there were certain variations in account figures like opening balance in a particular account not tallying with the closing balance of the previous year, closing balance in the cash book of the previous year not carried forward as opening balance for the current year, Treasury balance not tallying with the cash book balance and reasons for such differences have not been identified and explained in Reconciliation Statements etc.,. It was also noticed that*

Reconciliation Statements explaining the differences between the Treasury balance and the Cash book balance were not prepared periodically to check the correctness of accounts maintained. These defects were pointed out in audit reports.

13.2 *A Consolidated Statement [Statement No. 4 (9)] of Variation in account figures is appended to the Report from which it could be seen that Non-reconciliation of Rs. 19.20 lakhs was pointed out in 27 audit paras.*

13.3 **AGRICULTURAL MARKET COMMITTEE – MAHABUBABAD – WARANGAL DISTRICT.**

NON-RECONCILIATION OF CASH BOOK BALANCE WITH TREASURY PASS BOOK.

The closing Balance as on 31-03-2000 in the Treasury Pass Book of the Agricultural Market Committee varied with that of Cash Book to an extent of Rs. 3,30,368/-. No action was taken to reconcile the said difference.

(Para No. 13 of the Audit Report)

10. ADVANCES PENDING ADJUSTMENT

14.1 *It was observed during the course of audit that temporary advances paid for specific purposes were outstanding for a long time though they should have been got adjusted through detailed bills and vouchers as soon as possible as per Article 99 of A.P. Financial Code. Several objections were raised on such outstanding advances in the relevant audit reports pointing out failure of the Executive Authorities and Drawing Officers to take necessary action to get these advances adjusted.*

14.2 *It was also observed that personal advances are outstanding for a longtime due to inaction on the part of the Drawing Officers. In many cases even the unspent balances of advances drawn were found refunded.*

14.3 *A statement of such cases noticed is appended to the Report [Statement No. 4 (10)]*

14.4 *Some of the audit objections raised on the outstanding advances are shown below.*

14.5 **AGRICULTURAL MARKET COMMITTEE – BAPATLA – GUNTUR DISTRICT.**

CONTINGENT ADVANCES NOT ADJUSTED.

It was noticed in audit of Agricultural Market Committee, Bapla, that Contingent advance drawn @ Rs. 10,000/- towards Miscellaneous Works is not adjusted with detailed bills and vouchers for along time.

(Para No. 9 of the Audit Report)

14.6 AGRICULTURAL MARKET COMMITTEES – KOILKUNTALA & DEVARAKONDA – KURNOOL & NALGONDA DISTRICTS.

LONG TERM ADVANCES – RECEOVERIES NOT EFFECTED IN FULL.

It was observed during the course of audit on the accounts of Agricultural Market Committees, Koilkuntal & Devarakonda, H.B.A. sanctioned to the employees was pending recovery @ Rs. 2,53,450/- and Rs. 32,367/-. Immediate action needs to be taken for recovery of H.B.A.

(Para No. 17 & 20 of the Audit Report)

ADVANCES PAID TO OTHER INSTITUTIONS:-

There are also instances where amounts were drawn as advance and paid to other offices such as District Panchayat Officer, Divisional Panchayat Officer, Assistant Director of Marketing, Mandal Revenue Officer etc. But, these advances were not adjusted till the close of audit and objections were raised in the relevant Audit Reports.

Some of them are detailed below:

Sl. No.	Name of the Agricultural Market Committee & District	To whom paid	Amount Rs.	Audit Para No.
1	Kalyandurgam, Anantapur.	Fuel charges to ADM	3,022/-	14
2	Rayadurg, Ananthapur.	Telephone charges to ADM	4,545/-	14
3	Macherla, Guntur.	ADM	2,260/-	23
4	Mangalagiri, Guntur.	ADM	2,307/-	16
5	Ongole, Prakasam.	ADM	18,242/-	18
		Total:	30,376/-	

11. VIOLATION OF RULES

15.1 *It was noticed in audit of the Agricultural Market Committees that in some cases the Rules, Government instructions for incurring the*

expenditure from the funds of the Agricultural Market Committees were violated either due to negligence or ignorance. Certain times, the funds of the Agricultural Market Committees were utilised for purposes other than the permitted ones under the Act / Rules. It was also noticed that in few cases Government instructions were misunderstood or misinterpreted. Such irregular expenditure incurred was objected in the relevant audit reports **506** audit objections involving an amount of **Rs. 348.82 lakhs** were raised in the relevant Audit Reports as shown in **Statement No. 4 (11)** annexed to the Report.

A few of them are as under.

15.2 AGRICULTURAL MARKET COMMITTEE – KADAPA – KADAPA DISTRICT.

PETROL AND OTHER EXPENDITURE TO THE DEPARTMENTAL OFFICERS – INADMISSIBLE – NEEDS REIMBURSEMENT TO AGRICULTURAL MARKET COMMITTEE FUNDS – Rs. 98,185/-

A sum of Rs. 98,185/- as detailed below was drawn from the Agricultural Market Committee funds, kadapa during the year under report and spent towards the supply of petrol, oils, telephone charges and some payments on loan basis. But the provision under which such expenditure was met from the Market Committee Funds, was not pointed to audit. In the absence of the same the amount of Rs. 98,185/- spent towards the supply of petrol etc., to the vehicles of departmental officers is inadmissible and held under objection.

Sl. No.	Vr. No. & Date	Particulars	Amount Rs.
1	184 / 01-01	Electricity charges and Telephone charges paid on reimbursement basis	6,963/-
2	219 / 01-01	Electricity charges and Telephone charges paid on reimbursement basis	12,438/-
3	221 / 01-01	Electricity charges and Telephone charges paid on reimbursement basis	13,250/-
4	251	Telephone charges only	3,305/-
5	321 / -11-00	Electricity charges	3,098/-
6	337 / -12-00	Telephone charges only	5,027/-

7	393 / 20-12-00	Electricity charges	2,881/-
8	419 / 1-01	Telephone charges only	1,206/-
9	548 / 7-2-01	Telephone charges only	5,966/-
10	554 / 12-2-01	Electricity charges	2,387/-
11	427 / 01-01	Electricity charges	2,472/-
12	587 / 1-3-01	Telephone charges only	2,041/-
13	591 / 13-3-01	Electricity charges	2,688/-
14	603 / 1-3-01	Telephone charges only & purchase of Jeep tyres and tubes (Connected bills & sub vouchers not produced)	11,164/-
15	584 / 03-01	Amount paid towards salaries of staff of Joint Director of Marketing, Kadapa on reimbursement basis	23,299/-
		Total:	98,185/-

(Para No. 33 of the Audit Report)

15.3 AGRICULTURAL MARKET COMMITTEE – MIRYALGUDA – NALGONDA DISTRICT.

FUEL CHARGES PAID FOR VEHICLES NOT BELONGING TO THE AGRICULTURAL MARKET COMMITTEE – IRREGULAR – NEEDS RECOVERY.

An amount of Rs. 6,188/- was drawn on Vr. No. 297 dated: 01-12-2000 and spent for purchase of Petrol, Diesel and Engine oil for the following vehicles which do not belong to Agricultural Market Committee. The authority under which the fuel charges of the vehicles not belonging to the Agricultural Market Committee were met was not pointed out to audit.

As such, the expenditure incurred on payment of fuel charges to the following vehicles is irregular and inadmissible.

The same would, therefore, need to be made good from the person or persons responsible and credited to Agricultural Market Committee Funds under intimation to audit.

Vr. No & Date	Vehicle No.	Date of purchase	Quantity	Amount Rs.
297/ 01-12-2000	1. AP-9D/295	07-11-2000	35 Ltrs. Petrol 1Lt Engine Oil	6,188/-
	2. AP-9D/3031	22-11-2000	30 Ltrs Petrol 1 Lt. Engine Oil	
	3. APL 6136	07-11-2000	25 Ltrs. Petrol 1 Lt. Engine Oil	
	4. AP-13D/4959	07-11-2000	50 Ltrs Diesel 1 Ltr Engine Oil	
	5. AP-9D/295	22-11-2000	45 Ltrs. Petrol 1 Lt. Engine Oil	
	6. ADX- 2751	19-11-2000	20 Lts Petrol 1 Ltr Engine Oil	

(Para No. 17 of the Audit Report)

It was noticed in audit of the accounts of the following Agricultural Market Committees that payments were made from the Market Committees Funds to the officers of the Marketing Department for various purposes on reimbursement basis. But, these amounts are yet to be reimbursed to the funds of the Agricultural Market Committees. In spite of pointing out such unauthorized payments in audit in the earlier years, the practice is continued and in many cases the amounts paid from the funds of the Agricultural Market Committees are yet to be reimbursed.

Sl. No.	Name of the Agricultural Market Committee & District	Paid to whom	Purpose	Amount Rs.	Audit Para No.
1	Sangareddy, Medak.	Asst. Director, Marketing, Sangareddy	Trunk Call charges	3,177/-	11
2	Anaparthi, East Godavari.	Asst. Director, Marketing, Kakinada	Telephone Charges	5,032/-	11
3	Kirlampudi, East Godavari.	Asst. Director, Marketing, Kakinada	Telephone Charges	2,187/-	9
4	Kiralampudi, East Godavari.	Joint Director of Marketing, Kakinada	Electricity charges	980/-	18

5	Kesamudrum, Warangal.	Deputy Director, Marketing, Warangal	Fuel charges of vehicles	25,012/-	10
6	Tandur, Ranga Reddy.	Asst. Director, Marketing, Ranga Reddy.	Telephone charges	3,120/-	14

15.4 **AGRICULTURAL MARKET COMMITTEE – ADONI – KURNOOL DISTRICT.**

ESTABLISHMENT – CONTINGENT STAFF – PAY AND ALLOWANCES PAID WITHOUT POST SANCTION – ORDERS – IRREGULAR – Rs. 6,23,976/-

The following contingent staff are working as Sweepers and Scavengers and Chowkidars in the Agricultural Market Committee, Adoni during the year under report. Their pay and allowances were allowed in the regular time scale. The payment of salary to the contingent staff in time scale instead of fixed pay of Rs. 238/- + DA is irregular. The orders of competent authority for allowing regular time scale be produced to audit to admit the expenditure.

When this objection was raised first in para 20 of the Audit Report for 93-94 it was replied that the appointments were made as per the orders of the Director of Agricultural Market Committee, Hyderabad Issued in Progs. No. IV (2) / 93-94 dated 26-04-1993 (with a fixed pay of Rs. 238 + DA)

Again the Director of Marketing, Andhra Pradesh, Hyderabad in his Proceedings No. DG (1) 2575/90 dated: 23-09-1999 ordered that the amounts paid to the contingent employees by virtue of regularisation of their services and sanction of increments has to be recovered since the same is found to be irregular.

But no action was taken.

(Para No. 17 of the Audit Report)

12. NON-REMITTANCE OF DEDUCTIONS / RECOVERIES FROM WORK BILLS / PAY BILLS

16.1 *It was noticed during audit that various deductions / recoveries effected from the work bills / pay bills were either not remitted to Government or a part of them only were remitted inspite of statutory obligation to remit*

the same to Government account with in a prescribed time under the relevant statutory provisions which also include penalty as well as prosecution for non adherence.

16.2 The deductions normally made from work bills / pay bills that are to be remitted to Government account are

Work Bills

1. Income Tax
2. Sales Tax
3. Seigniorage Fees

Pay Bills

1. Income Tax
2. Profession Tax
3. A.P.G.L.I. Premium / Loan recoveries
4. G.P.F. (Government Employees)
5. G.I.S Premium.

16.3 These defects noticed were pointed out in the Audit Reports numbering to **4570** Audit Paras involving an amount of **Rs. 979.63 lakhs** as shown in **Statement No. 4 (12)** appended to the Report.

Some of them are as under.

(a) **INCOME TAX RECOVERED BUT NOT REMITTED.**

Under Section 200 of Income Tax Act 1961, the authority which deducts the Income Tax from work bills or from pay bills shall remit the same to the Income Tax Department within seven days and under Section 201 of Income Tax Act, a penalty of 12% penal interest on such unpaid amount is payable besides liability for prosecution. During the year under audit, it was observed that the Income Tax deducted at source from the work bills was not remitted to the Central Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below.

Sl. No.	Name of the Agricultural Market Committee & District	Amount deducted Rs.	Audit Para No.
1	Cuddapah, Cuddapah.	57, 984/-	34

2	Lakkireddipalli, Cuddapah.	20, 159/-	16
3	Kurnool, Kurnool.	62, 073/-	25
4	Yellareddy, Nizamabad.	34, 665/-	18
5	Rayadurg, Ananthapur.	5, 877/-	18
6	Amudalavalasa, Srikakulam.	3, 537/-	12
7	Husnabad, Karimnagar.	17, 498/-	38
8	Nellore, Nellore.	4, 581/-	37
9	Miryalaguda, Nalgonda.	2, 996/-	19
	Total:	2,09,370/-	

(b) SALES TAX RECOVERED FROM THE WORK BILLS – NOT REMITTED TO STATE FUNDS.

Under A.P.G.S.T. Act, 1957 as amended from time to time and as per the Circular Memo No. MN3/APGST/8741/95 dated: 08-04-1996 of the Engineer in Chief (P.R.) Hyderabad, Sales Tax has to be recovered from the work bills and remitted to State funds within a week from the date of recovery, failing which the drawing officer has to pay personally 24% penal interest besides the amount to be remitted to State funds.

It was observed that Sales Tax deducted at source from the Work bills was not remitted to the State Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below.

Sl. No.	Name of the Agricultural Market Committee & District	Amount Deducted Rs.	Audit Para No.
1	Kadapa, Kadapa.	48,584/-	34
2	Lakkireddypalli, Kadapa.	3,525/-	16
3	Kurnool, Kurnool.	58,192/-	29
4	Nizamabad, Nizamabad.	34,665/-	18

5	<i>Bhimadolu, West Godavari.</i>	22,433/-	10
6	<i>Amadalavalasa, Srikakulam.</i>	4,301/-	12
7	<i>Gudur, Nellore.</i>	2,168/-	15
8	<i>Nellore, Nellore.</i>	4,838/-	37
9	<i>Miryalaguda, Nalgonda.</i>	2,996/-	21
10	<i>Nalgonda, Nalgonda.</i>	6,140/-	21
11	<i>Nuziveedu, Krishna.</i>	10,025/-	20
	Total:	1,97,867/-	

AGRICULTURAL MARKET COMMITTEE – BHEEMADOLU – WEST GODAVARI DISTRICT.

SALES TAX RECOVERED FROM THE WORK BILLS – BUT PARTLY REMITTED TO STATE FUNDS.

It was noticed in audit on the accounts of Agricultural Market Committee, Bheemadolu, West Godavari District that, though Sales Tax @ Rs. 22,433/- was deducted at source from the Work Bills as shown below, the same was not remitted fully to State Government account resulting in balances left with the institution attracting penalty of 24% interest on such unremitted amounts.

Amount deducted Rs.	Remitted Rs.	Amount to be remitted Rs.	Audit Para No.
22,433/-	20,097/-	2,336/-	10

(d) **SEIGNIORAGE CHARGE COLLECTED BUT NOT REMITTED TO STATE FUNDS.**

As per G.O. Ms. No. 404 Industries and Commerce Department, dated: 05-10-1994, seigniorage charges and cess collected from the work bills are to be credited to consolidated fund of State Government through the concerned Assistant Director of Mines & Geology of the District. During the year under audit, it was observed that though amounts were recovered from the work bills towards seigniorage charges, the same were not remitted to State Government funds till the close of Audit. Such inaction was pointed out in the relevant audit reports.

Some of such instances are listed below:

Sl. No.	Name of the Agricultural Market Committee & District	Amount Deducted Rs.	Audit Para No.
1	Cuddapah, Cuddapah.	40,087/-	34
2	Kurnool, Kurnool.	48,522/-	29
3	Nizamabad, Nizamabad.	32,340/-	18
4	Amadalavalasa, Srikakulam.	2,960/-	12
5	Karimnagar, Karimnagar.	16,835/-	38
6	Gandhari, Nizamabad.	3,595/-	16
7	Guduru, Nellore.	2,576/-	15
8	Nellore, Nellore.	3,047/-	37
9	Miryalaguda, Suryapet, Nalgonda.	2,750/-	19
10	Nalgonda, Nalgonda.	2,329/-	21
11	Nuziveedu, Krishna	10,025/-	20
	Total:	1,65,066/-	

AGRICULTURAL MARKET COMMITTEE – ANAKAPALLY – VISAKHAPATNAM DISTRICT.

(a) PROFESSION TAX RECOVERED BUT NOT REMITTED TO STATE FUNDS – Rs. 7,920/-

In pursuance of the A.P. Tax on Profession, Trades Calling and Employment (Act No. 22 of 1987) instructions were issued in G.O. Ms. No. 2102 Finance & Planning (F.W.PT-I) Department dated: 21-08-1987 for the levy of profession tax on persons earning salary or wages and for deduction of profession tax payable by such person from his salary / wage paid by the employer. The employer is liable to pay the tax on behalf of all such persons irrespective of whether such deduction has been made or not and whether the salary / wage is paid or not.

The Government order has specified that the tax would be deducted from the monthly pay bills of the employee at the rate prescribed from time to time and the deduction made from salary bills should be credited to the State funds immediately. But it was noticed during the course of audit of Agricultural Market Committee, Anakapally, Visakhapatnam District that, the Profession Tax deducted from the pay bills of the employees amounting to Rs. 7,920/- was not remitted to State Funds till the close of audit.

(Para No. 32 of the Audit Report)

(b) **A.P.G.L.I. PREMIA DEDUCTED FROM PAY BILLS – BUT NOT REMITTED TO STATE FUNDS.**

The A.P.G.L.I. Scheme has been extended to P.R. Employees vide G.O. Ms. No. 212 Finance & Planning Department, dated: 17-12-1997 with effect from 01-01-1998. As per the instructions contained under the A.P.G.L.I. scheme the premia should be deducted from the pay bills. Such premia amount should be remitted to State Funds. But it was noticed during the course of audit of Agricultural Market Committee, Anakapally, Visakhapatnam District that, the premia amount deducted from the pay bills of the employees amounting to Rs. 40,954/- was not remitted to State Funds.

(Para No. 32 of the Audit Report)

**DIRECTOR
STATE AUDIT,
ANDHRA PRADESH,
HYDERABAD.**

Consolidated State Audit Report 2000-01 (Municipalities)

1. DIVERSION OF GRANTS / FUNDS

- 6.1 *Municipalities are empowered to levy and collect different taxes like Property Tax, Advertisement Tax, Vacant Land Tax etc., and collect water charges for supply of water to the house holds and industrial/commercial units. The Municipalities are authorized to collect Building License fees for permitting construction of new buildings in the municipal area. They are also authorized to collect D&O Trades License Fees for permitting the traders to carry on business in the Municipal area. Certain Municipalities also raise some income from their properties by leasing them out. All the monies received by the municipalities form part of their general funds and they can be utilized for the purposes prescribed under the Act / Rules. Rule 39 of the Rules framed relating to Taxation and Finance in Schedule I i under Section 130 of the Andhra Pradesh Municipalities Act, 1965 prescribed the purposes to which the Municipal Fund might be applied. According to the said rule, these include all objects expressly declared obligatory or discretionary by law or rules and in general everything necessary for or conducive to the safety, health, education and convenience of inhabitants or to the amenities of the municipality and incidental to the administration and the fund should be applicable thereto within the municipality. However expenditure outside the Municipality is to be specially sanctioned by Government.*

2. NON-UTILISATION OF GRANTS BEFORE LAPSABLE DATE

7.1 Government release special grants to the Municipalities for implementing specific schemes. These grants are to be utilised for the purposes for which they are meant for following the guidelines issued / norms prescribed and such utilisation should be within the date prescribed, otherwise, the grants will lapse to government, unless the lapsable date of any particular grant is extended by government or grant releasing authority.

7.2 *It is noticed in audit that in spite of allowing reasonable time for utilising the grant, certain municipalities did not utilise the grants released within the lapsable date and thereby huge amounts were left unutilised. The grant sanctioning authorities were also not approached for extending the utilisation period. Thus the schemes for which the grants released were not implemented effectively and totally. The unspent balances were also not refunded to the grant releasing authorities.*

A Statement of such cases noticed is appended to the Report [Statement No. 5 (2)].

GRANTS – GRANTS ADJUSTED TO MUNICIPALITY ACCOUNT FOR VARIOUS PURPOSES – NOT FULLY UTILISED – UNSPENT BALANCES NOT REFUNDED TO STATE FUNDS.

7.3 MUNICIPAL COUNCIL – MANDAPET – EAST GODAVARI DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Amount spent Rs.	Amount lapsed Rs.
1	MP Loans	10,00,000/-	1,49,493/-	8,50,507/-
2	EE Funds	69,31,164/-	67,01,512/-	2,29,652/-
3	SJSRY	11,86,750/-	9,75,573/-	2,11,177/-
4	LCS	21,19,414/-	15,06,713/-	6,12,701/-

(Para No. 8 of the Audit Report)

7.4 MUNICIPAL COUNCIL – GUNTAKAL – ANANTHAPUR DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Amount spent Rs.	Amount lapsed Rs.
1	Payment of TA & DA to staff who attended census training classes for enumeration work	1,12,900/-	91,145/-	21,755/-

(Para No. 57 of the Audit Report)

7.5 MUNICIPAL COUNCIL – HINDUPUR – ANANTHAPUR DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Amount spent Rs.	Amount lapsed Rs.
1	Payment of TA & DA to staff who attended census training classes for enumeration work	92,065/-	66,260/-	25,805/-

(Para No. 11 of the Audit Report)

6.2 *As per the orders issued by Government in G.O. Ms. No. 1886, Municipal Administration dated 22-11-1965; the Municipal Councils should not divert the following earmarked funds even temporarily for other purposes without the previous sanction of Government.*

1. *Water and Drainage Tax Fund*
2. *Deposits including provident funds*
3. *Lighting Tax Fund*
4. *Loan Funds*
5. *Special Government grants*
6. *Elementary Education Fund*

7. *Capital receipts from sale of capital assets and*

8. *Endowments.*

6.3 *But it was observed in audit that diversion of funds / grants was frequently made in most of the Municipalities without the sanction of the Government. A few of such diversions reported in the Audit Reports are cited hereunder.*

A Statement of such cases noticed is appended to the Report [Statement No. 5 (1)].

6.4 **MUNICIPALCOUNCIL – RAMAGUNDAM – KARIMNAGAR DISTRICT.**

a) *An amount of Rs. 5,00,000/- was diverted from RWS account to General Fund of M.C. Ramagundam as a temporary loan and Rs. 35,000/- was diverted from RWS account to LCS Fund. Such diversion is not in order in the absence of the sanction orders of government.*

(Para No. 57 of the Audit Report)

b) *An amount of Rs. 5,00,000/- was diverted from Natural Calamities / Flood Relief Fund to General Funds. The same would need to be readjusted to Natural Calamities Fund.*

(Para No. 69 of the Audit Report)

6.5 **MUNICIPAL COUNCIL – GUDIVADA – KRISHNA DISTRICT.**

An amount of Rs. 1,00,000 has been transferred from SJSRY funds to VWCP Components on 10-04-2000 in the Municipality. Similarly, Rs. 5,000/- has been transferred from SJSRY Funds to community structures on 19-03-2001. The aggregate amount of Rs. 1,05,000/- would need to be readjusted to SJSRY Funds.

(Para No. 73 of Audit Report)

6.6 **MUNICIPAL COUNCIL – GADWAL – MAHABUBNAGAR DISTRICT.**

A total amount of Rs. 5,94,685/- as detailed below belonging to various schemes/grants has been diverted to General funds without the sanction of the government

Sl. No.	Name of the Scheme / Grant	Amount Rs.
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1	IDSMT Phase II A/c	15,000/-
2	MP LAD funds	4,69,685/-
3	District Sports Authority	1,10,000/-
	Total:	5,94,685/-

(Para No. 43 of the Audit Report)

6.7 MUNICIPAL COUNCIL – WANAPARTHI – MAHABUBNAGAR DISTRICT.

A total amount of Rs. 12,20,000/- as detailed below was diverted from one scheme/grant to other scheme/grant without sanction of government.

Date of transfer	Name of scheme/grant	Scheme/grant to which diverted	Amount Rs.
01-12-2000	HSDP	SJSRY	1,52,000/-
08-03-2001	Tap Donation Fund	Master Plan Grant	2,25,000/-
25-12-2000	Water Harvesting Fund	JG Account	1,00,000/-
06-12-2000	M.P. Funds	Drought Fund	1,56,000/-
22-12-2000	M.P. Funds	General Funds	1,62,000/-
05-03-2001	Tap Donation Fund	SJSRY	50,000/-
08-03-2001	Tap Donation Fund	Water Harvesting	50,000/-
08-03-2001	Tap Donation Fund	Master Plan grant	2,25,000/-
23-03-2001	Tap Donation Fund	M.P. Funds	1,00,000/-
		Total:	12,20,000/-

(Para No. 39 of the Audit Report)

6.8 MUNICIPAL COUNCIL – SURYAPET – NALGONDA DISTRICT.

A total amount of Rs. 36,16,570/- as detailed below was diverted from one fund/grant to another fund/grant without sanction of government.

Sl. No.	Name of Fund / Grant	Amount Rs.	Fund / Grant to which diverted
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1	Tap Donation Fund	3,00,000/-	JB Programme
2	Tap Donation Fund	2,50,000/-	Old Govt. Hospital building
3	NSDP	50,000/-	Old Govt. Hospital building
4	ILCS	18,00,000/-	Old Govt. Hospital building
5	SJSRY	10,00,000/-	Salaries
6	SJSRY	16,570/-	Salaries
7	SJSRY	2,00,000/-	To SEPH for Musi Pump well
	Total:	36,16,570/-	

(Para No. 17 of the Audit Report)

6.9 **MUNICIPAL COUNCIL – BODHAN – NIZAMABAD DISTRICT.**

An amount of Rs. 1,20,744/- was diverted from NSDP to General Funds without the approval of the Government.

(Para No. 49 of the Audit Report)

6.10 **MUNICIPAL COUNCIL – ALWAL – RANGAREDDY DISTRICT.**

An amount of Rs. 7,26,155/- has been diverted from ILCS funds on 21-10-2000 for purposes not connected with the scheme. The ratification of the Government would need to be obtained for the diversion.

(Para 21 of the Audit Report)

3. UNUTILISATION / UNDER UTILISATION OF GRANTS

8.1 *Grants-in-aid sanctioned/released are to be utilised by the implementing agencies within the permitted period following the procedure prescribed and as per the norms/guidelines fixed/suggested by the grant sanctioning authority.*

8.2 *Government issued orders in G.O. Ms. No. 354 of Panchayat Raj, Rural Development and Relief (Accounts VI) Department, dated: 15-06-1994 extending the period of utilisation of non-salary grants released in a financial year upto 31st March of the succeeding financial year allowing the implementing agencies sufficient time to properly plan for the utilisation of the grants to accomplish the benefits. It is desirable that notwithstanding the availability of time to utilize the grants, the utilisation of the grants should be planned evenly avoiding rush of expenditure at the eleventh hour and consequential irregularities, unless other wise warranted.*

- 8.3 *But in some cases, the failure of implementing agencies in proper planning of the utilisation of the grants was noticed. There are cases of nil utilization of grants for months together.*
- 8.4 *A Consolidated **Statement No. 5 (3)** showing unutilisation /under utilization of grants is annexed to the Report from which it could be seen that **96** audit objections were raised involving an amount of **Rs. 100.00 lakhs**.*

GRANTS LAPSED DUE TO UNUTILISATION.

8.5 **MUNICIPAL COUNCIL – BHIMAVARAM – WEST GODAVARI DISTRICT.**

During the course of audit on the accounts of Municipal Council, Bhimavaram, it is noticed that an amount of Rs. 2,00,000/- under SJSRY Grant left unutilized.

(Para No. 46 of the Audit Report)

8.6 **MUNICIPAL COUNCIL – MANDAPETA – EAST GODAVARI DISTRICT.**

It is noticed in audit that the following grants released to the Municipal Council, Mandapeta, East Godavari District were made to lapse as shown below without utilization.

Sl. No.	Name of the Grant	Amount Released Rs.	Amount Unutilised Rs.
1	Janma Bhoomi	56,500/-	56,500/-
2	NSDP	7,61,000/-	7,61,000/-
3	Census Grants	72,850/-	72,850/-

(Para No. 8 of the Audit Report)

4. EXCESS UTILISATION OF GRANTS

- 9.1 *The Municipalities are in receipt of Grants-in-Aid from the Government for certain specified purposes to be spent within a prescribed time. They furnish utilization certificates for the grants utilized.*
- 9.2 *During the course of audit, several instances have come to the notice of audit that certain municipalities incurred expenditure in excess of the Grant-in-Aid received. The fact of incurring of such excess expenditure*

further implies that such expenditure was met from the unspent balances of some other grants. Necessary steps are called for to curb this sort of financial indiscipline at the earliest. The excess expenditure incurred, wherever possible, should be got reimbursed from the grant sanctioning authorities explaining the circumstances under which excess expenditure over and above the grant sanctioned became inevitable.

- 9.3 All such cases of excess expenditure over and above the Grant-in-aid received are detailed in **Statement No. 5 (4)** to the Report from which it could be seen that a total amount of **Rs. 32.87 lakhs** was spent in excess of the grants received which was pointed out in the relevant audit reports in **42** paras.

5. MISUTILISATION OF GRANTS / FUNDS

- 10.1 *Many cases of Mis-utilisation of funds/grants were noticed in audit, a few of them are mentioned below.*
- 10.2 *A total number of **14** such cases involving an amount of **Rs. 17.95 lakhs** were pointed out in audit.*
- 10.3 *A Statement of such cases noticed is appended to the Report [Statement No. 5 (5)]*
- 10.4 **MUNICIPAL COUNCIL – RAMAGUNDAM – KARIMNAGAR DISTRICT.**

PAYMENT OF TELEPHONE CHARGES OF REGIONAL DIRECTOR CUM APPELLATE COMMISSIONER, MUNICIPAL ADMINISTRATION DEPARTMENT, WARANGAL FROM MUNICIPAL FUNDS OF RAMAGUNDAM – Rs. 15,269/-

Though the Regional Director cum Appellate Commissioner, Warangal, Municipal Administration Department has got separate budget allocations, the telephone charges of his office were paid from the Municipal Funds of Ramagundam Municipal Council on Vr. No. 663 / 02-2001 constituting misutilisation of Municipal Funds to a tune of Rs. 15,269/-.

The amount was not reimbursed so far.

No action was taken by the Municipal Commissioner for getting the reimbursement of the said amount.

(Para No. 19 of the Audit Report)

6. MISAPPROPRIATIONS

- 11.1 *Cases of Misappropriation of moneys noticed in audit were pointed out in the Audit Reports.*

11.2 A consolidated statement of Mis-appropriations noticed in audit is annexed vide **Statement No. 5 (6)**. A total number of **180** cases involving an amount of **Rs. 261.66 lakhs** were pointed out in the relevant Audit Reports.

11.3 To illustrate the various types of “Modus Operandi” a few of the cases pointed out are reproduced below.

11.4 **MUNICIPAL COUNCIL – SANGAREDDY – MEDAK DISTRICT.**

a) **COLLECTION OF TAXES BY BILL COLLECTORS – NOT REMITTED TO MUNICIPAL FUNDS – MISAPPROPRIATED – Rs. 55,292/-**

As verified from the Bill collection Registers an aggregate amount of Rs. 55,292/- was collected towards Property Tax and other Taxes and Fees by the following Bill Collectors and Junior Assistants. But the same was not remitted to Municipal Funds. It is a case of Misappropriation on account of failure of Revenue Officer and Commissioner, Municipality to periodically check the Receipts books and remittance of amounts collected. The amount misappropriated needs recovery from the persons responsible.

Sl. No.	Name of the Bill Collector / Junior Assistant	Amount Collected Rs.
1	G. Ambaiah, Bill Collector.	45,467/-
2	K. Venkat Rao, Junior Assistant.	3,800/-
3	M. Sattaiah, Bill Collector.	4,990/-
4	Sanjeeva Rao, Junior Assistant.	1,035/-
	Total:	55,292/-

b) **AMOUNT COLLECTED TOWARDS TAXES AND FEES NOT REMITTED TO MUNICIPAL FUND BY ACCOUNTANT – Rs. 8,50,067/-**

As verified from the collection Registers an aggregate amount of Rs. 8,50,067/- collected during the year towards different taxes and fees and deposited in the Municipal Office by the collection staff was not remitted to Municipal Funds by the Accountant. It is a clear case of

misappropriation. Immediate action is called for recovery of the said amount from the person responsible.

Sl. No.	Chitta / Irsalnama Page No.	Amount Rs.
1	Chitta 37, 59, 60, 63, 71, 86, 100, 146, 103, 105, 106, 108, 114, 115 and 116	3,64,063/-
2	Irsalnama Nos. 10, 11, 12 & 13	1,82,479/-
3	(Chitta) 37, 44, 47, 52, 53, 89 & 92	3,03,525/-
	Total:	8,50,067/-

(Para No. 25 of the Audit Report)

11.5 MUNICIPAL COUNCIL – KOTHAGUDEM – KHAMMAM DISTRICT.

MISAPPROPRIATION OF HOUSE TAX COLLECTIONS BY SRI MOHD. KHAJA MOINUDDIN, BILL COLLECTOR – Rs. 17,931/-

As verified from Irsalnama and Chitta an amount of Rs. 17,931/- was collected by Sri Md. Khaja Moinuddin, Bill Collector in the following months. But the amount was not remitted to Municipal Funds and thus misappropriated.

Month & Year	Amount Rs.
November, 2000	11,452/-
December, 2000	6,479/-
Total:	17,931/-

(Para No. 19 of the Audit Report)

11.6 MUNICIPAL COUNCIL – BELLAMPALLY – ADILABAD DISTRICT.

AMOUNT COLLECTED BY BILL COLLECTORS – NOT REMITTED – MISAPPROPRIATED – Rs. 17,111/-

As verified from Irsalnamas and Chitta, an amount of Rs. 17,111/- was collected by the following Bill Collectors and Town Planning Supervisor as detailed below. But the said amount was not remitted to Municipal Funds constituting misappropriation.

Sl. No.	Name of the Bill Collector	Irsalnama Page No.	Date	Amount Rs.
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1	Sri Ch. Shankar	17	03-08-2000	1,711/-
	Sri Ch. Shankar	31	03-10-2000	1,530/-
2	Sri Dursa Rajanna	193	07-08-2000	1,172/-
	Sri Dursa Rajanna	242	20-10-2000	2,436/-
3	Sri Shanka Reddy	111	20-10-2000	3,263/-
	Sri Shanka Reddy	3	-	1,014/-
4	Town Planning Supervisor	49	25-09-2000	5,985/-
			Total:	17,111/-

(Para No. 15 of the Audit Report)

11.7 MUNICIPAL COUNCIL – ALWAL – RANGAREDDY DISTRICT.

- a) **SHORT REMITTANCES OF TAX COLLECTIONS BY BILL COLLECTORS – AMOUNT MISAPPROPRIATED – Rs. 18,851/-**

As verified from the collection Register an amount of Rs. 18,851/- collected towards Taxes and Fees was short remitted by the Bill Collectors as shown below and thus misappropriated.

Sl. No.	Name of the Bill Collector	Amount Collected Rs.	Amount remitted Rs.	Amount not remitted Rs.
1	Sri Narender Reddy	2,780/-	2,640/-	140/-
2	Sri Nagender	7,786/-	7,253/-	533/-
3	Sri Ashok	1,718/-	1,065/-	653/-
4	Smt.Renuka	24,071/-	6,546/-	17,525/-
	Total:	36,355/-	17,504/-	18,851/-

(Para No. 43 of the Audit Report)

- b) **COLLECTION OF MUNICIPAL TAXES AND FEES – NOT REMITTED TO MUNICIPAL FUNDS – AMOUNT MISAPPROPRIATED – Rs. 2,12,632/-**

During the verification of Irsalnamas of Bill Collectors, it was noticed that an aggregate amount of Rs. 2,12,632/- as detailed below received by the Accountant from the Bill Collectors towards Taxes and Fees collected by them was not accounted for by him in Chitta and Cash Book. It is thus misappropriated by him. Immediate action would need to be taken to recover the amount from the person responsible.

Month of Receipt	Amount Rs.
March, 2000	3,578/-
July, 2000	55,170/-
August, 2000	3,492/-
September, 2000	22,203/-
November, 2000	4,127/-
December, 2000	32,405/-
January, 2001	1,592/-
February, 2001	39,121/-
March, 2001	50,944/-
Total:	2,12,632/-

(Para No. 44 of the Audit Report)

11.8 MUNICIPAL COUNCIL – KADIRI – ANANTHAPUR DISTRICT.

- a) CHEQUE ISSUED-DETAILS OF EXPENDITURE NOT RECORDED – Rs. 16,400/-

As verified from the counter foils of cheque book Cheque No. 27704/692585 dated: 06-2000 was issued for Rs. 16,400/- and was cashed in the Sub Treasury on 27-06-2000. But the said transaction was not recorded in the cash book with details of expenditure. The concerned vouchers, if any, were not produced to audit. It is therefore, concluded that the amount of Rs. 16,400/- drawn from Municipal Funds was misappropriated calling for appropriate action against the person involved.

(Para No. 10 of the Audit Report)

- b) CHEQUE ISSUED – TRANSACTION NOT RECORDED IN CASH BOOK AMOUNT MISAPPROPRIATED – Rs. 93,500/-

It was also observed from the counter foils that another cheque bearing No. 27704/692594 (date not noted) was issued to one Rajender Paul for Rs. 93,500/- But the details of cheque issued were not recorded in the cash book. Connected vouchers, if any, were not produced to audit for verification. In the circumstances stated above, it is construed that the amount of Rs. 93,500/- drawn from Municipal Funds was misappropriated. Action is called for to investigate into the matter to fix up responsibility on the persons involved and to recover the amount.

(Para No. 11 of the Audit Report)

7. WASTEFUL EXPENDITURE

12.1 The cannons of financial propriety envisaged in Andhra Pradesh Financial Code are sacrosanct for all Government Authorities entrusted with authorising or incurring of expenditure from public funds. They are expected under Article 3 to exercise the same delligence and care in expending public money under their control as persons of ordinary prudence would exercise in respect of their own money. Government have issued instructions through various orders and also incorporated in the statutes of local bodies the various items on which public money can be expended and the principles to be adhered to while expending on such items. Yet, it was noticed in audit that the funds of Municipalities were several times incurred without adhering to the laiddown principles leading to wasteful expenditure of public money. All the cases of such wasteful expenditure observed in the audit of local bodies for the year 2001-02 were expenditures that were avoidable, extraordinary and lacked proper planning.

12.2 Consolidated Statement of Wasteful Expenditure incurred is annexed to the Report **Statement No. 5 (7)** from which it could be seen that an amount of **Rs. 158.81 lakhs** was pointed out as Wasteful Expenditure.

Some such cases pointed out in Audit Reports classified according to their nature of wastage are illustrated here under.

12.3 **MUNICIPAL COUNCIL – BODHAN – NIZAMABAD DISTRICT.**

EXTRAORDINARY AND WASTEFUL EXPENDITURE

It was observed in audit that extraordinary and wasteful expenditure was incurred in connection with the farewell/welcome parties of the outgoing/incoming elected representatives of the Municipal Council without obtaining the orders of the Government as this expenditure was not for permitted objectives under Section 130 of the Andhra Pradesh Municipalities Act, 1965.

Sl. No.	Vr. No. & Date	Particulars	Amount Rs.
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1	20 / 01-04-2000	Printing of invitation cards	2,417/-
2	27 / 01-04-2000	Printing of invitation cards	360/-
3	23 / 01-04-2000	Printing of invitation cards	900/-
4	29 to 33 / 01-04-2000	Printing of invitation cards	4,500/-
5	34 / 01-04-2000	Printing of invitation cards	300/-
6	117 / 03-05-2000	Photos	800/-
7	134 / 10-05-2000	Momentos	1,000/-
8	135 / 10-05-2000	Momentos	1,000/-
9	136 / 10-05-2000	<i>Momentos</i>	1,100/-
10	137 / 10-05-2000	<i>Momentos</i>	203/-
		Total:	12,580/-

(Para 31 of the Audit Report)

12.4 **MUNICIPAL COUNCIL – GUDIVADA – KRISHNA DISTRICT.**

PAYMENT OF PENAL INTEREST DUE TO DELAY IN PROCESSING OF RETIREMENT BENEFITS – WASTEFUL EXPENDITURE – Rs. 9,218/-

It was noticed in audit that an amount of Rs. 9,218/- was drawn on Vr. No. 1065 dated 25-10-2000 and paid towards penal interest on account of delay in processing of the pension papers.

This expenditure could have been avoided had the pension papers processed promptly. This wasteful expenditure of Rs. 9,218/- cannot be admitted in audit and needs recovery from the person/persons responsible.

(Para No. 8 of the Audit Report)

12.5 **MUNICIPAL COUNCIL – HINDUPUR – ANANTHAPUR DISTRICT.**

PAYMENT OF LATE FEE ON M.V. TAX ON TRACTOR AND ROAD ROLLER-WASTEFUL EXPENDITURE – Rs. 2,730/-

It was noticed in audit that an amount of Rs. 2,730/- was drawn in Vr. No. 241/6-2000 and paid to Transport Department towards late fee due to delay in payment of M.V. Tax on the Tractor and Road Roller of the Municipality. This is a wasteful expenditure and cannot be admitted in audit. The wasteful expenditure of Rs. 2,730/- incurred needs recovery from the persons responsible.

(Para No. 3 of the Audit Report)

8. EXCESS PAYMENTS

13.1 It was observed in audit that in several cases excess payments were made due to

- (e) Incorrect calculations
- (f) Excess totalling in Bills
- (g) Admission of inadmissible claims
- (h) Lack of knowledge of government instructions.

13.2 Consolidated statement of Excess payments **Statement No. 5 (8)** is appended to the Report. The excess payments pointed out in **718** Audit paras were involving an amount of **Rs. 153.07 lakhs**.

A few cases of Excess Payments are mentioned below.

13.3 **MUNICIPAL COUNCIL – YEMMIGANURU – KURNOOL DISTRICT.**

SPREADING OF GRAVEL – EXCESS PAID – Rs 2,369/-

The work “Providing gravel ground at back side of old Anjaneya Swamy Temple and Municipal Office at 1st and 6th word” was entrusted to Sri.V.Thejappa, Contractor. As verified from the Measurement Book No. 58/99-2000 at page Nos. 1 to 3, 52 cu ms of gravel was collected, but only 26 cu ms of gravel was spread. But while making payment, bill was prepared for 52 cu ms of gravel @ Rs.91.10 per cu.m amounting to Rs.4, 737/- and the amount was paid to the contractor. Consequent on payment for spreading of gravel of 52 cu.m against the actual spreading of 26 cu.m, an amount of Rs. 2,369/- was excess paid to the contractor which should be recovered from the persons responsible.

(Para No. 33 of Audit Report)

13.4 **MUNICIPAL COUNCIL – BHONGIR – NALGONDA DISTRICT.**

ENCASHMENT OF LEAVE SALARY – OVER AND ABOVE THE ADMISSIBILITY – EXCESS PAID – Rs.19,653/-

A sum of Rs. 53,206/- was drawn towards encashment of earned leave of 145 days at the time of retirement and paid to Sri. P. Muthaiah, Driver who retired from Service on 31-03-2000.

As verified from the service register, the pay of the individual as on 31-03-2000 was Rs. 5,640/- and the amount of leave salary on encashment of 145 days of earned leave works out to Rs. 33,553/-

Consequent on irregular drawal of Rs. 53,206/- instead of Rs. 33,553/- a sum of Rs. 19,653/- was excess paid , which caused loss to the Municipal funds and needs recovery from the persons responsible and made good to the Municipal funds.

(Para No. 41 of Audit Report of General Funds)

9. INSTANCES OF CASES OF UNACCOUNTED FOR (CASH / STORES)

14.1 Several instances of Cash / Stores unaccounted for were noticed during the course of audit and a few of such audit observations are furnished hereunder.

14.2 Consolidated Statement of cases of unaccounted for Cash / Stores **Statement No. 5 (9)** is appended to the Report from which it can be noticed that **42 Paras** pointing out to **Rs. 9.09 Lakhs** were raised during the year.

14.3 **MUNICIPALCOUNCIL – YEMMIGANUR – KURNOOL DISTRICT.**

DEMAND DRAFTS RECEIVED BY THE MUNICIPALITY – NOT REALISED AND CREDITED TO MUNICIPAL FUNDS – Rs. 68,514/-

An amount of Rs. 68,514/-was received by the Municipality in the form of Demand Drafts for various purposes. But the said Demand Drafts were not encashed and they were allowed to become time barred resulting in loss to the Municipal Funds.

Non-pursuance of timely action by the Executive Authority resulted in loss to the Municipal Funds and it is not known whether the amounts were collected later.

(Para No. 27 of Audit Report)

10. NON COLLECTION OF DUES

NON-COLLECTION / SHORT COLLECTION OF TAXES AND NON-TAXES – AND ALLOWED TO BECOME BARRED BY LIMITATION OF TIME – INCLUDING CASES OF MANAGEMENT RESULTING IN SHORT REALISATION.

15.1 On verification of Revenue collections in Municipalities, huge amounts have been noticed pending realization for long periods and allowed to become barred by limitation of time. No appropriate action seemed to

have been initiated by the executive authorities before the dues become barred by limitation of time, in spite of various statutory provisions for their recovery such as through distraint, prosecution or filing of suits. Dependence of Municipalities on Government grants get lowered if timely and appropriate action is taken by the executive authorities for collection of these outstanding dues. In most of Municipal Councils the details of year wise outstanding dues were not prepared and produced to audit. Hence, it could not be ascertained in audit as to the amount of dues that had become time barred during the year barred by limitation within the meaning of Section 365 (1) of A.P. Municipalities Act 1965.

15.2 Sub-Section (1) of Section 374 of A.P. Municipalities Act, 1965 places the liability for loss on the officers of the Municipality if the loss is a direct consequence of their neglect. In most of the cases, the taxes and non-taxes became time barred without taking appropriate legal action before expiration of periods allowed for such recoveries. But no action seemed to have been taken against the officers concerned for such neglect in many of the Municipal Councils. A few cases of outstanding dues pointed out in the relevant Audit Reports are shown below.

15.3 Consolidated Statement showing details of Non-Collection of Dues is Annexed to the Report vide **Statement No. 5 (10)** from which it can be seen that **655** No. of Audit Objections involving an amount of **Rs. 1194.71 lakhs** were raised in the Audit Reports for the year.

15.4 **MUNICIPAL COUNCIL – SRIKAKULAM DISTRICT.**

SHORT COLLECTION OF PENAL AMOUNT UNDER BUILDING REGULATION SCHEME (B.R.S.) IN SRIKAKULAM MUNICIPALITY – NEEDS RECOVERY OF – Rs. 5.67 LAKHS.

Government have issued orders for regularization of unauthorized constructions by collection penal amounts. But, the procedure is not followed properly in some of the Municipal Councils. Though clear instructions were issued for classification of constructions into residential, commercial and institutional for collection of amounts at the rates prescribed for each, it was observed in audit that in case of Srikakulam Municipality, the penal amount was short collected due to wrong application of residential rates instead of institutional rates and institutional rates instead of commercial rates and also due to erroneous totaling of measurements and application of appropriate rates and to the funds of Municipal Council of Srikakulam.

(Para No. 86 & 87 of the Audit Report)

15.5 **MUNICIPAL COUNCILS**

(a) **TIME BARRED DUES – Rs.155. 60 Lakhs**

In the following Municipal Councils tax and non- tax dues pertaining the years up to 1996-97 amounting to Rs.155.60 lakhs having been left

uncollected were allowed to become barred by limitation of time within the meaning of section 365 (1) of AP Municipalities Act, 1965 as shown below. The observations find place in the para Nos. mentioned against each institution in their audit reports for the year 2000-01.

Sub- Section (1) of Section 374 of A .P. Municipalities Act, 1965 places the liability for loss on the officers of the Municipality if the loss is a direct consequence of their neglect. In most of the cases, the taxes and non- taxes are time barred without taking appropriate legal prosecution etc., before expiration of periods allowed for such recoveries. Still no action seemed to have been taken for such neglect in many of the Municipal Councils.

Sl. No.	Name of the Municipal Council & District	Amount of due time barred (both taxes and non- taxes Rs. in lakhs)	Particulars (Rs. In Lakhs)	Para No of Audit Report
1	Jangoam, Warangal.	64.99	Property Tax : 37.78 Library cess : 03.15 Building rent : 01.04 Water tap rents : 23.02	14
2	Nuziveedu, Krishna.	01.91	Property Tax : 01.91	12
3	Bhimavaram, West Godavari.	03.31	Property Tax : 00.68 V.L. Tax : 01.15 Water Tax : 00.28 Advertisement Tax : 00.50 Encroachment Fees : 00.70	07
4	Palakole, West Godavari.	09.38	Property Tax : 01.27 V.L. Tax : 00.70 Advertisement Tax : 00.49 Encroachment Fees : 01.22 Licence fees D & O Trades : 00.67 Other non	36 (b)

			Taxes : 05.03	
5	Machilipatnam, Krishna.	24.30	Property Tax : 24.30	21
6	Kakinada, East Godavari.	51.71	Excess Water Tax : 48.57 Advertisement Tax : 02.56 D & O : 00.43 Encroachment Fees : 00.15	13
	Total:	155.60		

(b) **OUTSTANDING DUES – Rs. 195.42 Lakhs**

Sl. No.	Name of the Municipal Council & District	Amount of Outstanding dues (both taxes and non-taxes) Rs. In lakhs	Particulars (Rs. In lakhs)	Para No of Audit Report
1	Srikakulam, Srikakulam.	129.02	Property Tax : 56.40 Advertisement Tax : 01.42 Excess water charges : 30.50 Meter rents : 12.17 Shop rents : 04.24 Sand lease : 04.10 Others : 20.19	14, 18, 23, 24 & 100
2	Amudalavalasa, Srikakulam.	011.78	Property Tax : 08.84 water Tax : 00.85 Market fees : 00.92 Shop rents : 00.76 Others : 00.41	10
3	Machilipatnam, Krishna.	003.58	Property Tax : 03.58	21
4	Nuziveedu, Krishna.	005.28	Property Tax : 05.28	12
5	Ananthapur, Ananthapur.	013.01	Shop rents : 07.32 Market fees : 01.62	10

			Slaughter house: 01.17 D & O Trades : 01.12 Audit charges : 01.78	
6	Tadipathri, Ananthapur.	019.23	Shop rents :11.00 Market lease : 08.23	09
	Total:	181.90		

As per section 365(2) of A.P. Municipalities Act, 1965 it is the duty of the Commissioner to place before the council a list of arrears amount due which are likely to become time barred at least one year before the limitation, stating the reasons in regard to recovery of such taxes. No such lists appeared to have been placed before the council in any of the Municipal Councils and no action was initiated for their realisation to avoid their becoming barred by limitation of time.

15.6 MUNICIPAL COUNCIL – NIDADAVOLU – WEST GODAVARI DISTRICT.

NON-COLLECTION / SHORT COLLECTION OF DUES (QUARTERS RENT) FROM THE STAFF OF LOCAL BODIES – NEEDS IMMEDIATE ACTION FOR RECOVERY.

As per Government orders contained in G.O. (P) No. 121, Finance & Planning (FW.PC IV) Department, dated: 19-08-1999, the recovery of quarters rent in respect of Government quarters / P.R quarters / Urban local body quarters allotted to its employees / officers shall be the standard rent as fixed in accordance with Fundamental Rule 45 -A-I V (b) or 10% of emoluments whichever is less.

But contrary to the above Government orders the Executive Authorities of Municipal Councils have fixed nominal rents as low as Rs.5/- p.m., Rs. 150/-p.m. and Rs. 200/- p.m. for some of the quarters and no rent was collected though allotted to its staff even while permitting them to draw H.R.A. And in the case of Municipal Council Nidadavolu of West Godavari District, 14 quarters were allotted to P.H. Workers at a nominal rent of Rs. 5/- p.m. instead of recovering rent @ 10% of their emoluments (Rs. 5,000/- per month approximately) The loss caused to the funds of Municipal Council for the year 2000-01 works out to around Rs. 77,000/-

(Para No. 30 of Audit Report of Nidadavolu Municipality for the year 2000-2001)

11. VARIATION IN ACCOUNT FIGURES

16.1 It was observed in audit that there were certain variations in account figures like opening balance in a particular account not tallying with the closing balance of the previous year, closing balance in the cash book of the previous year not carried forward as opening balance for the

current year, Treasury balance not tallying with the cash book balance and reasons for such differences have not been identified and explained in Reconciliation Statements etc.,. It was also noticed that Reconciliation Statements explaining the differences between the Treasury balance and the Cash book balance were not prepared periodically to check the correctness of accounts maintained. These defects were pointed out in audit reports.

16.2 A Consolidated **Statement No. 5 (11)** of Variation in account figures is appended to the Report from which it could be seen that Non-reconciliation of **Rs. 57.64 lakhs** was pointed out in **44** audit paras.

A few of such cases are detailed below.

16.3 **MUNICIPAL COUNCIL – KADIRI – ANANTHAPUR DISTRICT.**

The difference of Rs. 8,05,218-12 between the closing balance as per Cash Book and the Treasury Pass Book as on 31-03-2001 as shown below was not reconciled till the close of audit.

Closing Balance as per Cash Book	Rs. 16,62,961-76
Closing Balance as per Treasury Pass Book	Rs. 8,57,743-64
Difference	Rs. 25,20,705-40

(Para No. 5 of the Audit Report on the accounts of General Funds)

16.4 **MUNICIPAL COUNCIL – SRIKALAHASTHI – CHITTOOR DISTRICT.**

It was noticed from the Sub Treasury Pass Book of Municipal Council Sri Kalahasthi that the closing balance for the month of June 2000 was reduced from Rs. 2,74,977/- to Rs. 2,41,174-30. But no specific reasons were explained for the said reduction of Rs. 33,802-70. In the absence of any valid reason, the amount of Rs. 33,802-70 reduced in the balance constitutes a loss to the funds of the Municipal Council.

(Para No. 40 of the Audit Report)

16.5 **MUNICIPAL COUNCIL – TANUKU – WEST GODAVARI DISTRICT.**

DIFFERENCE IN CLOSING BALANCES BETWEEN THE TREASURY PASS BOOK AND CASH BOOK – NEEDS RECONCILIATION.

On verification of the Treasury Pass Book for the year 2000-01 it was found that an amount of Rs. 44,52,084-74 was the closing balance as on 31-03-2001 compared with the closing balance of Rs. 24,41,501-74 in the cash book of General Funds. The difference needs reconciliation.

(Para No. 16 of the Audit Report)

16.6 **MUNICIPAL COUNCIL – CHITTOOR – CHITTOOR DISTRICT.**

AMOUNTS EXHIBITED UNDER SUSPENSE ACCOUNT TO BE ADJUSTED TO THE CONCERNED HEADS.

An amount of Rs. 3,33,562-60 was shown under Suspense Account in the accounts of Municipal Council, Chittoor. The details of amounts taken to suspense Account should have been ascertained from the Treasury and balances raised in the concerned heads as Suspense Account is not a prescribed head of account.

(Para No. 19 of the Audit Report)

16.7 MUNICIPAL COUNCIL – ANANTHAPUR – ANANTHAPUR DISTRICT.

ANNUAL ACCOUNT FIGURES – NOT TALLIED WITH THE AMOUNTS SHOWN IN SUBSIDIARY REGISTERS.

The amounts shown in the Annual Accounts of Ananthapur Municipal Council were not in agreement with the figures shown in the Subsidiary Registers and DCB Statements under the following Heads of Account. The discrepancies between the Annual Account and the Subsidiary Registers were not reconciled. The same would need to be reconciled and produced to audit.

Sl. No.	Head of Account	Amount as per Annual Account Rs.	Amount as per Subsidiary Registers and DCB Rs.	Difference Rs.
I. TAXES				
1	Property Tax	8,99,766/-	8,42,075/-	57,691/-
2	Water & Drainage Tax	6,74,824/-	6,29,305/-	45,519/-
3	Scavenging Tax	2,24,941/-	2,09,768/-	15,173/-
4	Education Tax	2,24,941/-	2,09,769/-	15,172/-
5	Lighting Tax	5,62,355-	5,24,423/-	37,932/-
II. NON-TAXES				
1	Excess Water Charges	11,83,745	11,85,245	- 1,500/-
2	Shops / Room Rents	4,33,640	4,35,216	- 1,576/-

(Para No. 10 of the Audit Report)

12. ADVANCES PENDING ADJUSTMENT

17.1 It was observed during the course of audit that temporary advances paid for specific purposes were outstanding for a long time though they should have been got adjusted through detailed bills and vouchers as soon as possible as per Article 99 of A.P. Financial Code. Several

objections were raised on such outstanding advances in the relevant audit reports pointing out failure of the Executive Authorities and Drawing Officers to take necessary action to get these advances adjusted.

17.2 It was also observed that huge amounts of personal advances are outstanding for a longtime due to inaction on the part of the Drawing Officers. In many cases even the unspent balances of advances drawn were found refunded.

17.3 A statement of such cases noticed is appended to the Report [**Statement No. 5 (12)**].

17.4 Some of the audit objections raised on the outstanding advances are shown below.

(a) **CONTINGENT ADVANCES NOT ADJUSTED:**

Under this category temporary advances paid for specific purposes but not adjusted with detailed bills and vouchers for a long time are covered.

A list of such audit objections is furnished below:

Sl. No.	Name of the Municipal Council & District	Purpose of advance	Amount of advance outstanding Rs.	Audit Para No.
1	Kothagudem, Khammam.	Miscellaneous including TA	93,275/-	59
2	Bhongir, Nalgonda.	Miscellaneous	1,45,187/-	51
3	Suryapet, Nalgonda.	Miscellaneous	2,40,100/-	76

(b) **ADVANCES PAID BUT PURPOSE FOR WHICH ADVANCES WERE DRAWN NOT FORTHCOMING.**

Advances drawn but the specific purpose for which advances were drawn not pointed out to audit fall under this category.

Details of audit objections raised in this category are mentioned hereunder.

Sl. No.	Name of the Municipal Council & District	Amount drawn as advance Rs.	Audit Para No.
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1	Mancherial, Adilabad.	43,000/-	20
2	Nirmal, Adilabad.	10,000/-	24
3	Ananthapur, Ananthapur.	32,99,640/-	41
4	Mandapet, East Godavari.	8,500/-	33
5	Kovvuru, West Godavari.	28,500/-	46

13. VIOLATION OF RULES

18.1 *It was noticed in audit that in some cases the Rules, Government instructions for incurring the expenditure from the funds of Municipalities were violated either due to negligence or ignorance. Certain times, the funds of the Municipalities were utilised for purposes other than the permitted ones under the relevant Act / Rules. It was also noticed that in few cases Government instructions were misunderstood or misinterpreted. Such irregular expenditure incurred was objected in the relevant audit reports 678 audit objections involving an amount of **Rs. 234.87 lakhs** were raised in the relevant Audit Reports as shown in **Statement No. 5 (13)** annexed to the Report.*

A few of them are as under.

18.2 **MUNICIPAL COUNCIL – SERILINGAMPALLY – RANGAREDDY – DISTRICT.**

(a) **COLLECTION – STAFF POST SANCTION ORDERS FROM GOVERNMENT NOT OBTAINED – SALARIES PAID IRREGULAR – Rs. 3,09,624/-**

In G.O. Ms. No. 598 M.A. Department, dated: 26-11-1991 the staffing pattern was fixed to Municipal Council, Serilingampally in which a provision was made that for every 21500 bills “one Bill Collector” post may be created.

According to the above orders the number of Bill Collectors required have to be estimated and proposals were to be submitted to Government for sanction of posts under Section 73 of A.P. Municipalities Act 1965 read with G.O. Ms. No. 146 Finance & Planning Department, dated: 31-03-1994.

But no post sanction orders were obtained from Government and 5 Bill Collectors were appointed and their salaries were paid.

In the absence of the post sanction orders from the Government, the payment of pay and allowances to 5 Bill Collectors for the period from 3/2000 to 2/2001 cannot be admitted in audit and held under objection.

(Para No. 62 of the Audit Report)

(b) **PAYMENT OF PAY & ALLOWANCES TO THE NMRs WHO WERE ALLOWED TIME SCALE APPLICABLE TO LAST GRADE GOVERNMENT SERVANTS WITHOUT SANCTION OF POSTS BY GOVERNMENT – IRREGULAR – Rs. 17,57,040/-**

Under Section 73 of the Municipalities Act, 1965 read with G.O. Ms. No. 146 Finance & Planning Department, dated: 31-03-1994, the Government is the authority competent to create posts in the Municipalities.

But the pay & allowances to the public health Labourers who were allowed last grade scale though not completed 5 years of service by 25-11-1993 were paid without post sanction by the Government which is a serious irregularity and therefore the amount of Rs. 17,57,040/- spent towards pay and allowances of such employees for the period from 3/2000 to 2/2001 is held under objection.

(Para No. 63 of the Audit Report)

18.3 **MUNICIPAL COUNCIL – PALASA – KASIBUGGA – SRIKAKULAM DISTRICT.**

IRREGULAR APPOINTMENT OF CASHIER CUM BILL COLLECTOR ON – CONTRACT BASIS WITHOUT SANCTION OF GOVERNMENT – WAGES PAID IRREGULAR – Rs. 33,488/-

A sum of Rs. 33,488/- was drawn and incurred towards payment of wages to the Cashier cum Bill Collector who was on contract basis as detailed below. The sanction of Government as required under G.O. Ms. No. 146 Finance & Planning Department, dated: 31-03-1994 was not obtained before the appointment on contract basis which is irregular. The candidates appointed on contract basis were not sponsored by Employment Exchange. Appointments were not made as per Act 2 of 1994. Therefore, the expenditure incurred as shown below was irregular and the same is held under objection.

Vr. No. & date	Particulars	Wages paid Rs.
13 / 05-2000	1. Sri D. Nagaraja Rao 2. Sri G. Krishna Murthy @ Rs. 1380/- each p.m.	2760/-
069 / 06-2000	-do	2,760/-
103 / 07-2000	-do-	2,760/-
134 / 08-2000	-do-	2,852/-
168 / 09-2000	-do-	2,852/-
232 / 10-2000	-do-	2,852/-

255 / 11-2000	-do-	2,760/-
288 / 12-2000	-do-	2,852/-
337 / 01-2001	-do-	2,760/-
388 / 02-2001	-do-	2,852/-
413 / 03-2001	-do-	2,576/-
567 / 03-2001	-do-	2,852/-
	Total:	33,488/-

(Para No. 21 of the Audit Report)

18.4 MUNICIPAL COUNCIL – YELLANDU – KHAMMAM DISTRICT.

APPOINTMENT OF SRI CH. SREENU AS PH WORKER COMPASSIONATE GROUNDS (MEDICAL INVALIDATION) – HIS MOTHER WAS NOT RETIRED BEFORE 5 YEARS OF SUPERANNUATION – VIOLATION OF GOVERNMENT ORDERS.

Sri Ch. Sreenu s/o Smt. A. Yella Bai, P.H. Worker, Nagara Panchayat, yellandu was appointed as PH Worker during the year 2000-01 on compassionate (Medical Invalidation) grounds. He was appointed as PH worker due to retirement (Medical Invalidation) of his mother on 18-06-1998. Her date of birth was 16-06-1943. For considering the appointment on compassionate grounds, the employee ought to be retired before 5 years of the date of superannuation. Her date of birth was 16-06-43 and she should have been retired on superannuation on or before 15-06-1998 for considering the appointment of his son. But she was retired vide Commissioner's proceedings dated 24-08-1999 with retrospective effect from 18-06-1998. Therefore, the appointment made is in violation of Government orders.

(Para No. 23 of the Audit Report)

14. NON-REMITTANCE OF DEDUCTIONS / RECOVERIES FROM WORK BILLS / PAY BILLS

19.1 *It was noticed during audit that various deductions / recoveries effected from the work bills / pay bills were either not remitted to Government or a part of them only were remitted inspite of statutory obligation to remit the same to Government account with in a prescribed time under the relevant statutory provisions which also include penalty as well as prosecution for non adherence.*

19.2 *The deductions normally made from work bills / pay bills that are to be remitted to Government account are*

Work Bills

4. Income Tax
5. Sales Tax
6. Seigniorage Fees

Pay Bills

6. Income Tax
7. Profession Tax
8. A.P.G.L.I. Premium / Loan recoveries
9. G.P.F. (Government Employees)
10. G.I.S Premium.

19.3 These defects noticed were pointed out in the Audit Reports numbering to **5614** Audit Paras involving an amount of **Rs. 1624.99 lakhs** as shown in **Statement No. 5 (14)** appended to the Report.

Some of them are as under.

(a) **INCOME TAX RECOVERED BUT NOT REMITTED.**

Under Section 200 of Income Tax Act 1961, the authority which deducts the Income Tax from work bills or from pay bills shall remit the same to the Income Tax Department within seven days and under Section 201 of Income Tax Act, a penalty of 12% penal interest on such unpaid amount is payable besides liability for prosecution. During the year under audit, it was observed that the Income Tax deducted at source from the work bills was not remitted to the Central Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below.

Sl. No.	Name of the Municipal Council & District	Amount deducted Rs.	Para No.
1	Nirmal, Adilabad.	16,219/-	25
2	Nizamabad, Nizamabad.	49,660/-	47
3	Srikakulam, Srikakulam.	1,76,363/-	115
4	Tadipatri, Ananthapur.	55,037/-	22

5	Ananthapur, Ananthapur.	3,39,858/-	38
6	Mancherial, Adilabad.	7,327/-	24
7	Rayadurg, Ananthapur.	1,22,021/-	29
8	Kothagudem, Khammam.	15,311/-	38
9	Suryapet, Nalgonda.	2,24,461/-	74
10	Nalgonda, Nalgonda.	33,376/-	38
	Total:	10,39,633/-	

(b) SALES TAX RECOVERED FROM THE WORK BILLS – NOT REMITTED TO STATE FUNDS.

Under A.P.G.S.T. Act, 1957 as amended from time to time and as per the Circular Memo No. MN3/APGST/8741/95 dated: 08-04-1996 of the Engineer in Chief (P.R.) Hyderabad, Sales Tax has to be recovered from the work bills and remitted to State funds within a week from the date of recovery, failing which the drawing officer has to pay personally 24% penal interest besides the amount to be remitted to State funds.

It was observed that Sales Tax deducted at source from the Work bills was not remitted to the State Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below.

Sl. No.	Name of the Municipal Council & District	Amount Deducted Rs.	Audit Para No.
1	Tuni, East Godavari.	22,193/-	48
2	Srikakulam, Sriakakulam.	1,94,955/-	115
3	Palasa-Kasibugga, Srikakulam.	8,322/-	28

4	Nirmal, Adilabad.	17,679/-	27
5	Tadipatri, Ananthapur.	68,251/-	22
6	Mancherial, Adilabad.	7,327/-	24
7	Anantapur, Anantapur.	2,04,514/-	38
8	Rayadurg, Ananthapur.	18,216/-	29
9	Kothagudem, Khammam.	12,841/-	38
10	Nellore, Nellore.	4,169/-	30
11	Suryapet, Nalgonda.	1,07,237/-	74
	Total:	6,65,704/-	

(c) **MUNICIPAL COUNCIL – RAMAGUNDAM – KARIMNAGAR DISTRICT.**

SALES TAX RECOVERED FROM THE WORK BILLS – BUT PARTLY REMITTED TO STATE FUNDS.

It was noticed in audit on the accounts of Municipal Council, Ramagundam, Karimnagar District that, though Sales Tax was deducted at source from the Work Bills as shown below, the same was not remitted fully to State Government account resulting in balances left with the institution attracting penalty of 24% interest on such unremitted amounts.

Amount deducted Rs.	Remitted Rs.	Amount to be remitted Rs.
3,84,715/-	2,61,570/-	1,23,145/-

(d) **SEIGNIORAGE CHARGE COLLECTED BUT NOT REMITTED TO STATE FUNDS**

As per G.O. Ms. No. 404 Industries and Commerce Department, dated: 05-10-1994, seigniorage charges and cess collected from the work bills are to be credited to consolidated fund of State Government through the concerned Assistant Director of Mines & Geology of the District. During the year under audit, it was observed that though amounts were recovered from the work bills towards seigniorage charges, the same were not remitted to State Government funds till the close of Audit. Such inaction was pointed out in the relevant audit reports.

Some of such instances are listed below:

Sl. No.	Name of the Municipal Council & District	Amount Deducted Rs.	Audit Para No.
1	Srikakulam, Sriakulam.	1,09,630/-	15
2	Tadipatrthi, Ananthapur.	28,919/-	22
3	Nuziveedu, Krishna.	4,94,192/-	54
4	Tuni, East Godavari.	29,037/-	47
5	Tanuku, West Godavari.	88,516/-	4
6	Mancherial, Adilabad.	82,135/-	24
7	Bellampalli, Adilabad.	26,609/-	19
8	Bodhan, Nizamabad.	80,431/-	48
9	Ananthapur, Ananthapur.	11,88,788/-	38
10	Ramagundam, Karimnagar.	2,10,310/-	71
11	Rayadurg, Cuddapah.	21,245/-	29
12	Kothagudem, Khammam.	46,931/-	38
13	Suryapet, Nalgonda.	2,21,216/-	74
14	Miryalguda, Nalgonda.	30,482/-	38
	Total:	26,58,441/-	

(e) **PROFESSION TAX RECOVERED BUT NOT REMITTED TO STATE FUNDS.**

In pursuance of the A.P. Tax on Profession, Trades Calling and Employment (Act No. 22 of 1987) instructions were issued in G.O. Ms. No. 2102 Finance & Planning (F.W.PT-I) Department, dated: 21-08-1987 for the levy of profession tax on persons earning salary or wages and for deduction of profession tax payable by such person from his salary / wage paid by the employer. The employer is liable to pay the tax on behalf of all such persons irrespective of whether such deduction has been made or not and whether the salary / wage is paid or not.

The Government order has specified that the tax would be deducted from the monthly pay bills of the employee at the rate prescribed from time to time and the deduction made from salary bills should be credited to the State

funds immediately. But it was noticed in audit that the Profession Tax deducted from the pay bills of the employees was not remitted to State Funds till the close of audit and such lapses were pointed out in the relevant Audit reports. A few of such cases are as under.

Sl. No.	Name of the Municipal Council & District	Amount deducted Rs.	Audit Para No.
1	Mangalagiri, Guntur.	33,420/-	30
2	Macherla, Guntur.	15,120/-	21
3	Adilabad, Adilabad.	12,633/-	26
4	Yellandu, Khammam.	12,420/-	39
5	Rayadurga, Ananthapur.	17,710/-	29
6	Ananthapur, Ananthapur.	2,08,448/-	37
7	Wanaparthy, Mahabubnagar.	33,920/-	56

(f) **MUNICIPAL COUNCIL – ANANTHAPUR – ANANTHAPUR DISTRICT.**

A.P.G.L.I. PREMIA DEDUCTED FROM PAY BILLS – BUT NOT REMITTED TO STATE FUNDS – Rs. 13,40,937/-

The A.P.G.L.I. Scheme has been extended to P.R. Employees vide G.O. Ms. No. 212 Finance & Planning, dated: 17-12-1997 w.e.f. 01-01-1998. As per the instructions contained under the A.P.G.L.I. scheme the premia should be deducted from the pay bills. Such premia amount should be remitted to State Funds. But it was noticed in audit on the accounts of Municipal Council, Ananthapur the premia amount of Rs. 13,40,937/- deducted from the pay bills of the employees was not remitted to State funds.

(Para No. 37 of Audit Report)

(g) **MUNICIPAL COUNCIL – RAYADURG – ANANTHAPUR DISTRICT.**

G.P.F. SUBSCRIPTIONS DEDUCTED FROM THE PAY BILLS BUT NOT REMITTED TO CONCERNED HEAD – Rs. 3,80,793/-

As per rule 10 (1) m of G.P.F. Rules, 9% of the basic pay of an employee (without insurance) has to be compulsorily recovered towards monthly subscriptions to his G.P.F Account. Such deduction made should be remitted to the concerned authority for crediting the same to his / her GPF account. But it was noticed in audit on the accounts of Municipal Council, Rayadurg, Ananthapur District an amount of Rs. 3,80,793/- deducted towards G.P.F. subscriptions was not remitted to concerned Head. Due to non-remittance of the amounts deducted from the pay bills of the employees, the

employees were put to loss as they loose interest on their subscriptions for no fault of theirs.

(Para No. 29 of the Audit Report)

(h) **G.I.S. PREMIA DEDUCTED FROM PAY BILLS BUT NOT REMITTED TO STATE FUNDS.**

As per G.O. Ms. No. 293 Finance & Planning (F.W. Accts. II) Department, dated: 08-10-1984, Group Insurance premia has to be recovered from the pay bills and remitted to State funds. During the year under audit, it was observed that the GIS premia amounts were deducted from the pay bills but was not remitted to State funds in a few cases. Some of them are noted below.

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Audit Para No.
1	Yellandu, Khammam.	10,185/-	39
2	Rayadurg, Ananthapur.	19,350/-	29
3	Ananthapur, Ananthapur.	4,55,675/-	37
4	Suryapet, Nalgonda.	37,575/-	75
5	Gadwal, Wanaparthy, Mahabubnagar	27,000/- 11,020/-	56

**DIRECTOR
STATE AUDIT,
ANDHRA PRADESH,
HYDERABAD.**

Consolidated State Audit Report 2000-01 (Panchayat Raj bodies)

ABBREVIATIONS USED

S.Cs	Scheduled Castes
S.Ts	Scheduled Tribes
T.A	Travelling Allowance

P.R & RD	Panchayat Raj & Rural Development
RWS/ARWS	Rural Water Supply/Accelerated Rural Water Supply
J.R.Y	Jawahar Rojgar Yojana
D.E.O	District Educational Officer
T.F.C	Tenth Finance Commission
J.G.S.Y	Jawahar Grameena Samrudhi Yojana
S.J.S.R.Y	Swarna Jayanthi Shahari Rojgar Yojana
L.C.S	Low Cost Sanitation
I.D.S.M.T	Integrated Development of Small and Medium Towns
M.P.L.A.D	Member of Parliament Local Area Development
N.S.D.P	National Slum Development Programme
I.L.C.S	Individual Low Cost Sanitation
A.P.R.B	Andhra Pradesh Rural Board
R.R.M	Rural Road Maintenance
M.N.P	Minimum Needs Programme
S.F.C	State Finance Corporation
NABARD	National Bank for Agriculture & Rural Development
Spl. R.R.M.S	Special Rural Road Maintenance Scheme
S.M.P	Sub-Merian Project
T & P Charges	Tools and Plant Charges
C.D.R	Community Development Resource
O.N.G.C	Oil & Natural Gas Commission
M.I	Minor Irrigation
Z.P	Zilla Parishad
O.B.B	Operation Black Board
E.E	Executive Engineer

A.P.R.B.S.F.C	Andhra Pradesh Residential Building State Finance Commission
E.A.S	Employment Assurance Scheme
ARWS (N.T.S.P)	Accelerated Rural Water Supply (Non tribal sub plan)
M.N.P (N.T.S.P)	Minimum Needs Programme (Non tribal sub plan)
R.S.P (Plan)	Rural Shifting Programme
M.H.P	Maintenance of Hand Pumps
A.C.D.F	Assembly Constituency Development Fund
FDR (Roads)	Flood Damage Relief
R.D.P	Rural Development Programme
R.I.D.F	Rural Infrastructure Development Fund
Vr.	Voucher
M.P.D.O	Mandal Parishad Development Officer
T.T.A	Transfer Traveling Allowance
P.S. Charges	Petty Supervision Charges
F.S.D	Further Security Deposit
C.C. Part Bill	Contract Certificate part bill
M.B	Measurement Book
Cu.m	Cubic Meter
R.S.P	Rural Sanction Programme
V.L.T	Vacant Land Tax
P.H. Workers	Public Health Workers
L.T.C	Leave Travel Concession
S.P.P	Special Promotion Post
P.W.S	Protected Water Supply
R.D	Rural Development

1. DIVERSION OF GRANTS / FUNDS

6.1 *The Panchayat Raj bodies viz., Zilla Parishads, Mandal Parishads are provided with funds by the State / Central Governments either by way*

of grants or a prescribed share in the Cess, Taxes or Fees collected by the State Government. These bodies also earn income by taking up some remunerative enterprises. In case of Gram Panchayats, they are vested with the power of levying certain taxes and fees like House Tax, Tax on agricultural land for a specific purpose, Fees for lease of porambokes or community lands under their control etc. Such taxes / fees constitute one of the main source of income to them apart from grants-in-aid provided by the Central / State Governments. All the monies received by these bodies form part of their general funds and they can be utilized for the purposes prescribed under the A.P., Panchayat Raj Act / Rules. However, specific grants received should be utilized for the purpose for which the grant is released.

- 6.2 *Incurring of expenditure for purposes other than the prescribed ones without specific permission of the Government / Commissioner Panchayat Raj is not permissible and it amounts to diversion of funds. In case of specific grants, the grants should be utilized only for the purpose for which the grant is released and no diversion is permissible without the permission of such grant releasing authority. But it was noticed in audit that notwithstanding such instructions, diversion of specific grants and earmarked funds is taking place. It was also observed in audit that expenditure was incurred under certain grant heads even in the absence of receipt of any grant during the year by diverting other grants. However, such cases were pointed out under the caption 'Excess Utilisation of Grants'.*

A Statement of such cases noticed is appended to the Report, [Statement No. 9 (1)].

6.3. **ZILLA PARISHADS**

As per Sub Section 3 of Section 198 of the Andhra Pradesh Panchayat Raj Act 1994 read with G.O. Ms. No. 446 of PR & RD (Progs. III) Department dated 29-10-1998, the funds of the Zilla Parishad shall be utilised for payment of pay and allowances of its officers and other employees, allowances to be paid to the special invitees and members of Zilla Parishad, its Standing Committee and TA to the Chairman and Vice Chairman of Zilla Parishad and any item of expenditure directed by the government for carrying out the purposes of Andhra Pradesh Panchayat Raj Act 1994 and such other expenses as may be necessary for such purposes.

As per the orders issued by Government in G.O. Ms. No. 446 of PR & RD

(Progs. III) Department dated 29-10-1998, the General Funds of the Zilla

Parishad shall be earmarked and spent as indicated below:

1. For upgradation, maintenance and restoration of the existing assets including Minor Irrigation sources	35%
2. For the Welfare of	
a) S.Cs	15%
b) S.Ts	6%
c) Woment Development & Child Welfare	15%
3. For drinking water in emergencies	9%
4. For office management, office equipment, establishment expenditure	16%
5. For unforeseen contingencies such as activities of Public Welfare, Contributions to Sports Festival, Cultural Programmes etc.,	4%

It was further ordered that for expenditure, which falls outside the purview of the above categories and ceiling prescribed, prior permission of government was needed.

A few of such cases where diversion of Funds/Grants was pointed out in the relevant audit reports are reported hereunder.

6.3.1. ZILLA PARISHAD – KARIMNAGAR DISTRICT.

AMOUNT PAID TO THE DISTRICT JUDGE, KARIMNAGAR TOWARDS CONSTRUCTION OF LEGAL LITERACY CENTRE IN THE DISTRICT COURT CAMPUS, KARIMNAGAR FROM 35% PROVISION OF GENERAL FUNDS – GOVERNMENT SANCTION NOT OBTAINED – Rs. 10,00,000/-

An amount of Rs. 10,00,000/- was drawn on Vr. No. 620/31-03-2001 and paid to the District Judge, Karimnagar towards contribution for construction of Legal Literacy Centre building in the District Court Campus, Karimnagar for the benefit of poor people. This amount was booked to the 35% provision out of the general funds of the Zilla Parishad prescribed by government in their G.O. Ms. No. 446 PR & RD (Programmes III) Department, dated: 29-10-1998. As per the said G.O.,

35% of the general funds of the Zilla Parishad are to be earmarked and utilised for “upgradation, maintenance and restoration of existing assets including M.I sources”. Incurring of expenditure on creation of assets not belonging to Zilla Parishad is not permitted in the said G.O. Further the payment of Rs. 10,00,000/- to the District Judge for the purpose mentioned above was sanctioned by the Chief Executive Officer, Zilla Parishad, Karimnagar vide Progs. No. A5/2395/2001 dated: 31-03-2001. Government orders, if any, sanctioning payment of the amount in question to the District Judge were not pointed out to audit. In the absence of the government orders sanctioning/ratifying the action of the Chief Executive Officer, Zilla Parishad, the amount of Rs. 10,00,000/- paid is contrary to the orders of the Government and therefore held under objection as it amounts to diversion of funds of Zilla Parishad to purposes other than the permitted ones.

(Para No. 50 of the Audit Report on the accounts of General Funds)

6.3.2 ZILLA PARISHAD – KRISHNA DISTRICT.

CONSTRUCTION OF ADDITIONAL ACCOMMODATION IN ZILLA PARISHAD HIGH SCHOOL (GIRLS) NUZIVEEDU – EXPENDTURE INCURRED UNDER 15% EARMARKED FUNDS FOR WOMEN DEVELOPMENT & CHILD WELFARE – Rs. 3,86,576/-

During the course of audit it was noticed that a total amount of Rs. 3,86,576/- was paid in Vr. Nos. 4/8-2001 and 7/8-2001 towards execution of work viz., Construction of additional accommodation to Zilla Parishad High School (G) Nuziveedu, booking the expenditure to

the 15% earmarked funds of the Zilla Parishad for Women Development & Child Welfare schemes.

The necessity of booking the expenditure to the Women Development & Child Welfare fund when sufficient grants under Tenth Finance Commission were available was not explained. In the absence of any specific authority pointed out to audit, the expenditure booked to Women Development & Child Welfare is treated as diversion of earmarked fund for Women Development & Child Welfare schemes.

(Para No. 27(b) of the Audit Report on accounts of the Executive Engineer, P.R.)

6.3.3 ZILLA PARISHAD – KURNOOL DISTRICT.

DIVERSION OF FUNDS TO EXECUTIVE ENGINEER (RWS) ADONI FOR SALARIES OF STAFF ON LOAN BASIS – NOT YET REPAID – ACTION CALLED FOR – Rs. 12,00,000/-

At the request of the Superintending Engineer (RWS) Kurnool vide his letter No. Nil dated 17-01-2001, an amount of Rs. 12,00,000/- (Rupees twelve lakhs only) was drawn on Vr. No. 1202/19-01-2001 and paid to the Executive Engineer (RWS) through Cheque No. 254635 dated 19-01-2001 towards payment of salaries of staff working in RWS Division, Adoni on loan basis. The said amount was not repaid till the close of the financial year. Action is called for, for recovery of the amount. Further it is highly irregular and contrary to Rules to divert funds from one institution to another even temporarily without specific sanction of government.

(Para No. 10 of the Audit Report on the accounts of Executive Engineer, P.R.)

6.3.4 ZILLA PARISHAD – MEDAK DISTRICT.

TRANSFER OF EARMARKED FUNDS (9% AND 35%) OUT OF GENERAL FUNDS TO NEERU-MEERU PROGRAMME ON REIMBURSEMENT BASIS – IRREGULAR – NOT YET REIMBURSED – Rs. 40,00,000/-

In the following Vouchers an amount of Rs. 40,00,000 (Rupees forty lakhs only) was drawn and paid to various executing agencies of the Neeru Meeru Programme on reimbursement basis. The amount was drawn as per Progs No. A2/854/2000 dated: 15-05-2000 and booked to 9% and 35% earmarked funds of the General Funds of Zilla Parishad.

Sl. No.	Vr. No & Date	Amount drawn	Name of the Executing Agency
1.	68/5.2000	Rs. 7.60 Lakhs	Executive Engineer (RWS) Sangareddy

		Rs. 10.40 lakhs	Executive Engineer (RWS) Medak
		Rs. 10.00 lakhs	District Forest Officer, Sangareddy
2.	141/7.2000	Rs. 12.00 lakhs	District Forest Officer, Sangareddy
	Total:	Rs. 40.00 lakhs	

But the amount was not reimbursed till the close of the financial year.

(Para No. 33 of the Audit Report on the accounts of General Funds)

6.3.5. DIVERSION OF ENGINEERING FUNDS TO MEET THE EXPENDITURE OF THE OFFICE OF SUPERINTENDING ENGINEER – IRREGULAR – Rs. 2,61,085/-

It was noticed during audit that a total amount of Rs. 2,61,085/- (Rupees two lakhs sixty one thousand and eighty five only) was diverted from 003-Engineering Funds, P.R. Division Guntur to meet the expenditure on telephone charges, electricity bills, oil bills, stationery, car repairs, computer maintenance and contingent expenditure of the office of the Superintendent Engineer, Panchayat Raj, Guntur during the year. In spite of pointing out such irregularity during the previous year, the practice of meeting the expenditure of the office of the Superintendent Engineer, P.R. Guntur continued even in this year. The office of the Superintendent Engineer, P.R. is a government office and the administrative expenditure of that office should be borne out of the budget allotted to that office. The authority under which the expenditure was met from 003-Engineering Funds was not pointed out to audit. In the absence of any Government orders to meet such expenditure, this practice of meeting the expenditure of Government offices amounts to diversion of Zilla Parishad funds and therefore held under objection.

(Para No. 24 of the Audit Report on the accounts of Engineering Funds, PR,)

6.4 MANDAL PARISHADS

Under Rule 35 of the Rules issued in G.O. Ms. No. 704 of PR & RD dated 5-11-94 specifying the purposes to which the Mandal Parishad Fund might be applied, a Mandal Parishad shall not without the previous sanction of government divert even temporarily any of the following earmarked funds for purposes other than those for which they are collected or allotted.

- i) *Funds collected for the opening and maintenance of Elementary schools.*
- ii) *Special State grants sanctioned for specific purposes of Agriculture, Animal Husbandry, Fisheries, Health and Rural Sanitation.*
- iii) *Receipts derived from the sale of capital assets.*
- iv) *Income from endowments and trusts.*
- v) *Deposits including GPF*

- vi) *Funds relating to institutions and schemes transferred to the Mandal Parishad by government or Heads of Department of the government.*
- vii) *Funds relating to the programmes entrusted by other departments.*
- viii) *Grants from All India bodies and institutions for the specified purposes of development of Cottage and Village Industries Khaki, Silk, Coir, Handicrafts and the like.*
- ix)
- x)
- xi) *Funds allotted to scheduled Castes House sites or other programmes intended for amelioration of Scheduled Castes & Tribes.*
- xii)
- xiii) etc.

6.5. Further government ordered in their G.O. Ms. No. 447 PR&RD (Progr.III) Department dated: 29-10-1998 that the general funds of Mandal Parishads should be earmarked and spent as indicated below:

- | | |
|--|-----|
| 1. <i>For upgradation, maintenance and restoration of the existing assets including Minor Irrigation sources</i> | 35% |
| 2. <i>For the Welfare of</i> | |
| a) <i>Scheduled Castes</i> | 15% |
| b) <i>Scheduled Tribes</i> | 6% |
| c) <i>Women Development & Child Welfare</i> | 15% |
| 3. <i>For drinking water in emergencies</i> | 9% |
| 4. <i>For office management, office equipment, establishment expenditure</i> | 16% |
| 5. <i>For unforeseen contingencies such as activities of Public Welfare, Contributions to Sports Festival, Cultural Programmes etc.,</i> | 4% |

Government further ordered that expenditure which falls outside the purview of the above categories and ceiling prescribed needs prior permission of the Government.

6.5.1. DIVERSION OF TEACHING GRANT TO OTHER PURPOSES LIKE CONTINGENT EXPENDITURE:

It was observed in audit that in many of the Mandal Parishads the teaching grant released by the District Audit Officers, State Audit, towards

salaries of the teachers working in the Elementary and Upper Elementary Schools was diverted towards contingent expenditure like stationery, sweepers' salaries etc., which is highly irregular. Such diversions noticed were pointed in the relevant Audit Reports. A few of such instances are mentioned below

Sl. No.	Name of the		Amount diverted	Purpose for which diverted	Audit Para No. in which defect pointed out (EE Funds)
	Mandal Parishad	District			
1	Korukonda	East Godavari	99,718	Stationery	14
2	Elamanchili	West Godavari	75,814	Stationery & Wages etc.	33
3	Palakoderu	West Godavari	83,644	Contingencies	24
4	Koyyalagudem	West Godavari	50,947	Contingencies	7(d)
5	Buttayagudem	West Godavari	1,09,030	Contingencies	7(d)
6	Tiruvuru	Krishna	55,033	Library books	10
7	Maddipadu	Prakasam	24,967	Stationery	25
8	Papur	Nellore	21,842	Contingencies	34(b)
9	Agali	Anantapur	72,090	Contingencies & Postage	28
10	Raghunathpally	Warangal	1,50,000	Sweepers wages	15
11	Korutla	Karimnagar	1,81,490	Contingencies	8
12	Koudipally	Medak	1,56,822	Stationery & wages etc	70
13	Wanaparthy	Mahabub nagar	3,50,000	General funds	8

6.5.2. MANDAL PARISHAD – BANGARU PALEM – CHITTOOR DISTRICT.

An amount of Rs. 1,98,064/- released to the Mandal Parishad under Janma Bhoomi grant and RSP grant as detailed below was diverted by the Mandal Parishad Development Officer Bangarupalem to General Funds and utilised for the purposes other than those for which the grants were sanctioned.

Sl. No.	Voucher No.	Particulars of expenditure	Name of the Scheme from which amount diverted	Amount Rs.
1	187/1-2000	Construction of drain at Voola Vanka	Janma Bhoomi	26,648/-
2	220/11-2000	Improvement to Road from Bode Bandla to C.S.Puram	R.S.P.	56,503/-
3	230/11-2000	Improvement to M.C.B. Road	R.S.P.	27,892/-
4	231 to 238/11-2000	Improvement to M.C.B. Road	R.S.P.	87,021/-
			Total:	1,98,064/-

(Para No. 19 of Audit Report on the accounts of General Funds)

6.5.3. MANDAL PARISHAD – BANDI ATMAKUR – KURNOOL DISTRICT.

DIVERSION OF GENERAL FUNDS TO J.R.Y. WORKS – Rs. 26,925/-

Purposes for which the General Funds of a Mandal Parishad can be utilised are clearly laid down in Government Order No. 446, P.R. & R.D. (Progs.II) Department dated 20-10-1998 along with percentages to be incurred on the categories specified therein.

But contrary to the above instructions, the Mandal Parishad Development Officer, Bandi Atmakur, Kurnool District has diverted an amount of Rs. 26,925/- in Vr. No. 64/25-06-2000 from the General Funds to J.R.Y Works which is not a part of the categories mentioned in the said G.O.

(Para No. 11 of the Audit Report)

6.5.4. MANDAL PARISHAD – BALLIKURAVA – PRAKASAM DISTRICT.

DIVERSION OF GENERAL FUNDS TOWARDS CONTINGENCIES UNDER ELEMENTARY EDUCATION – Rs. 49,973/-

An amount of Rs. 49,973/- (Rupees forty nine thousand nine hundred and seventy three only) was spent from General Funds towards painting of

black boards which is highly irregular. Such expenditure should be met from the contingent grant released by the D.E.O. The amount of Rs. 49,973/- diverted from General Funds should be reimbursed to the General Funds.

(Para No. 12 of the Audit Report on the accounts of General Funds)

6.5.5. MANDAL PARISHAD – BHEEMGAL – NIZAMABAD DISTRICT.
DIVERSION OF GENERAL FUNDS TO JANMABHOOMI WORKS –
Rs. 24,450/-

The Mandal Parishad Development Officer, Bheemgal diverted an amount of Rs. 24,450/- from the General Funds and spent on Janma Bhoomi works.

(Para No. 14 of the Audit Report on the accounts of General Funds)

6.6 GRAM PANCHAYATS

As per Section 75 of the Andhra Pradesh Panchayat Raj Act, “the purposes to which the Gram Panchayat fund may be applied include all objects expressly declared obligatory or discretionary by the Act or any Rules made thereunder and the fund shall be applicable thereto within the village subject to such rules or special orders as the government may prescribe or issue and shall, subject as aforesaid be applicable to such purposes outside the village, if the expenditure is authorised by this Act or specifically sanctioned by the Commissioner, Panchayat Raj.

Under Section 45 of the Andhra Pradesh Panchayat Raj Act, it shall be the duty of a Gram Panchayat within the limits of its funds to make reasonable provisions for carrying out the requirements of the village in respect of the following matters, namely

- (i) The construction, repair and maintenance of all buildings vested in the Gram Panchayat and of all public roads in the village (other than the roads vested in the Mandal Parishad and Zilla Parishad)and the roads classified by the government as National and State Highways and of all bridges, culverts, road dams and cause ways on such roads.*
- (ii) The lighting of public roads and public places.*
- (iii) The construction of drains and their maintenance and the disposal of drainage water and sullage.*
- (iv) The cleaning of streets, removal of rubbish heaps, jungle growth and prickly pear, the filling of the disused wells, sanitary ponds, pools,*

ditches, pits or hollows and other improvements to the sanitary condition of the village.

- (v) The provision of public latrines and arrangements to clean latrines whether public or private.*
- (vi) The opening and maintenance of cremation and burial grounds and the disposal of unclaimed dead bodies of human beings or of animals.*
- (vii) Preventive and remedial measures connected with any epidemic or with malaria etc.*

Further as per Section 46 of the Act, a Gram Panchayat may also make such provision as it thinks fit for carrying out the requirements of the village in respect of the following matters, namely,

- (i) Constructions and maintenance of Dharma Salas, Sarais or rest houses for travellers.*
- (ii) The planting and preservation of grooves and trees on the sides of roads and other places.*
- (iii) The promotion and development of Pre-Primary Education, Elementary Education. Social and health Education, Cottage Industries and Trade.*
- (iv) The establishment and maintenance of dispensaries and payment of subsidies to rural medical practitioners etc.,*

Thus the gram Panchayat fund can be utilised for the obligatory as well as optional functions. Expenditure not falling within these functions will be extraordinary and can be met only with the sanction of Commissioner, Panchayat Raj. But it was observed in audit that gram panchayats' funds are spent for purposes other than those mentioned above. A few of such cases are reported hereunder: -

6.6.1 GRAM PANCHAYAT – CHINNA CHOWK – CUDDAPAH DISTRICT.

PAYMENT OF ELECTION EXPENSES FROM THE FUNDS OF GRAM PANCHAYAT.

An amount of Rs. 80,000/- was spent on election expenses from the funds of Gram Panchayat, Chinna Chowk. The spending of amounts from the general funds of Gram Panchayat without receipt of any grant is irregular as election expenses of the Gram Panchayat are to be borne by the Government under Section 76 of the Andhra Pradesh Panchayat Raj Act, 1994.

(Para No. 7 of the Audit Report)

2. NON-UTILISATION OF GRANTS BEFORE LAPSABLE DATE

- 7.1** Government release special grants to the Panchayat Raj bodies for implementing specific schemes. These grants are to be utilised for the

purposes for which they are meant for, following the guidelines issued/ norms prescribed and such utilisation should be within the time prescribed. Otherwise, the grants will lapse to government, unless the lapsable date of any particular grant is extended by Government or grant releasing authority.

7.2 *All the purposive grants released in a financial year are to be utilized before the close of next financial year as contemplated in G.O. Ms. No. 354 of P.R. & R.D & Relief (Accts-VI) Department, Dated: 15-06-1994. However, salary grant, etc. will lapse at the end of the financial year irrespective of the date of release.*

7.3 *It is noticed in audit that inspite of allowing reasonable time for utilising the grant, certain executive authorities of the local bodies did not utilise the grants released within the lapsable date and thereby huge amounts were left un-utilised. The grant sanctioning authorities were also not approached for extending the utilisation period. Thus the schemes for which the grants released were not implemented effectively and totally. The unspent balances were also not refunded to the grant releasing authorities.*

7.4 *A few of such cases pointed out in the Audit Reports of the Panchayat Raj bodies are detailed hereunder.*

7.5. **ZILLA PARISHADS**

7.5.1 **ZILLA PARISHAD – NELLORE – NELLORE DISTRICT.**

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	APRB (New) Rural roads	98,70,000/-	79,95,720/-	18,74,280/-
2	RRM(Normal)	86,00,000/-	36,61,366/-	49,38,634/-
3	APRB Maintenance of school buildings	67,25,000/-	37,46,800/-	29,78,200/-

4	MNP Local Roads	5,00,000/-	2,16,387/-	2,83,613/-
5	SFC MPP Buildings	40,10,000/-	30,11,622/-	9,98,378/-
6	APRB SFC Rural Roads	4,00,000/-	3,50,000/-	50,000/-
7	NABARD II	20,06,000/-	3,35,530/-	16,70,470/-
	NABARDIII	12,14,000/-	11,31,347/-	82,653/-
	NABARD IV	1,18,87,000/-	80,91,255/-	37,95,745/-

(Para No. 7(b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

7.5.2 ZILLA PARISHAD – KAKINADA – EAST GODAVARI.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	NABARD RID IV	1,20,00,000/-	72,08,543/-	47,91,457/-
2	Spl. RRMS	50,00,000/-	15,13,490/-	34,86,510/-
3	SFC(CONSTRUCTION)	79,50,000/-	57,59,704/-	21,90,296/-
4	SFC (MPP BUILDINGS)	34,00,000/-	18,21,287/-	15,78,713/-
5	MNP	4,00,000/-	3,55,633/-	44,367/-
6	NABARD RID V	1,05,00,000/-	87,04,579/-	17,95,421/-

(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

7.5.3 ZILLA PARISHAD – RAJAHMUNDRY – EAST GODAVARI.

Sl. No.	Name of the grant	Grant released Rs.	Grant Utilized Rs.	Unspent balance lapsed Rs.
1	MNP(SC)	1,50,00,000/-	1,07,55,457	42,44,543
2	Assistance to PR Bodies	1,06,00,000/-	73,43,826	32,56,174
3	CDR Nov. 98 Buildings	2,55,000/-	1,11,261	1,43,739
4	NABARD RID IV	45,00,000/-	35,48,549	9,51,451

(Para No.7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

7.5.4 ZILLA PARISHAD – RAJAHMUNDRY – EAST GODAVARI.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	ARWS(P)	83,99,000/-	33,09,310/-	50,89,690/-
2	ARWS(SCP)	45,64,000/-	15,93,033/-	29,70,967/-
3	SFC	50,00,000/-	30,54,084/-	19,45,916/-
4	MNP(SC)	3,00,000/-	2,39,559/-	60,441/-

(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, RWS)

7.5.5 ZILLA PARISHAD – AMALAPURAM – EAST GODAVARI.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	SMP Grants	20,54,00,000/-	20,16,80,783/-	37,19,217/-
2	ONGC	5,00,000/-	4,80,320/-	19,680/-

(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj, RWS)

7.5.6 ZILLA PARISHAD – SRIKAKULAM – SRIKAKULAM DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	MNP(NTSP)	1,44,000/-	70,000/-	74,000/-
2	ARWS(SCP)	81,77,744/-	56,22,555/-	25,55,189/-
3	ARWS(NTSP)	13,10,455/-	9,00,091/-	4,10,364/-
4	SFC	2,25,95,000/-	1,88,83,055/-	37,11,945/-

[Para No. 7(b) of the Audit Report on the accounts of Executive Engineer (RWS)]

7.5.7 ZILLA PARISHAD – MEDAK – MEDAK DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	SFC(MPP Buildings)	20,95,000/-	17,10,500/-	3,84,500/-
2	M.I. Plan	18,58,000/-	2,86,445/-	15,71,555/-
3	NABARD			
	RIDF II	3,77,000/-	1,80,455/-	1,96,545/-
	RIDF IV	2,19,48,000/-	91,22,430/-	1,28,25,570/-

(Para No. 8 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

7.5.8 ZILLA PARISHAD – MAHABUBNAGAR – MAHABUBNAGAR

DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
1	ARWS(P)	1,23,20,000/-	84,57,928/-	38,62,072/-
2	ARWS(scop)	70,89,000/-	32,06,918/-	38,82,082/-
3	MNP(o)	1,52,98,000/-	1,31,53,944/-	21,44,056/-
4	RRM(NORMAL)	1,15,30,000/-	81,37,310/-	33,92,690/-

5	NABARD	3,04,20,000/-	2,60,87,096/-	43,32,904/-
6	MPP BUILDINGS	28,00,000/-	6,31,873/-	21,68,127/-
7	MNP ROADS (P)	1,35,000/-	78,255/-	56,745/-

(Para No. 6(b) of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj)

7.5.9 It was observed in audit that the following grants lying in the P.D. account lapsed due to failure to utilize them in full before the lapsable date.

(a) **ZILLA PARISHAD – NUZIVEEDU – KRISHNA DISTRICT.**

Sl. No.	Name of the grant	G.O. Ms. No. in which released	Amount lapsed Rs.
1	MI (Plans)	G.O. Ms. No. 466 PR & RD dated 07-11-1998	2,68,135/-
2	MI (SC)	-do-	1,43,200/-
3	SFC (Construction of School Buildings)	G.O. Rt. No. 410 PR & RD dated: 06-03-1999	8,53,667/-
4	MNP (Plans)	Proceedings No. B/ MNP / 3797 / 98-99 dt. 25-3-99 of Superintending Engineer, PR. Nuzivid	1,10,,533/-
		Total:	13,75,535/-

(Para No. 9 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

(b) **ZILLA PARISHAD – NUZIVEEDU – KRISHNA DISTRICT.**

Sl. No.	Name of the grant	Amount lapsed Rupees in Lakhs
1	RRM(Normal)	14.75
2	Spl. RRM	5.00
3	RRM(New Rural Roads)	12.00
4	SFC Addl. Accommodation to ZP Schools	40.70
5	SFC Addl. Accommodation to UP Schools	3.50
6	P.R. grant for providing additional accommodation	6.00
7	PR Grant urinals and toilets(ZPHS)	1.65
8	SFC Repairs to ZP Schools	38.70
9	SFC Repairs and maintenance of UP Schools	23.25
10	Construction of MP Building at Ungutur	15.00
11	ZP Seigniorage cess - construction of urinals and toilets to ZP Schools	4.50
12	ZP General Funds	7.20
13	Additional Accommodation to Elementary schools	53.40

	Total:	225.65
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(Para No. 10 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj

Division)

7.6 MANDAL PARISHADS

Sl. No.	Name of the grant	Grant released Rs.	Grant utilized Rs.	Unspent balance lapsed Rs.
(i) MANDAL PARISHAD – BUTTAIAHGUDEM – WEST GODAVARI DISTRICT.				
1	Teaching Grant	61,49,374/-	56,70,430/-	4,78,944/-
2	O.B. B Grant	49,30,232/-	46,39,016/-	2,91,216/-
<i>(Para No. 7(b) of the Audit Report)</i>				
(ii) MANDAL PARISHAD – CHERIAL – WARANGAL DISTRICT.				
1	Staff TA	30,000/-	24,290/-	5,710/-
2	Contingencies	37,500/-	35,136/-	2,364/-
<i>(Para No. 3(e) of the Audit Report)</i>				
(iii) MANDAL PARISHAD – KHAMMAM (RURAL) – KHAMMAM DISTRICT.				
01	TA to Staff	10,000/-	8,752/-	1,248/-
02	Office Rent	25,000/-	8,000/-	17,000/-

03	Pay & allowances of OBB Staff	39,61,500/-	38,22,656/-	1,38,844/-
<i>(Para No. 9 (b) of the Audit Report)</i>				
(iv) MANDAL PARISHAD – BODHAN – NIZAMABAD DISTRICT.				
1	TA to Staff	20,000/-	8,482/-	11,518/-
2	Teaching Grant	1,60,60,173/-	1,57,02,062/-	3,58,111/-
<i>(Para No. 3 of the Audit Report)</i>				
(v) MANDAL PARISHAD – METPALLI – KARIMNAGAR DISTRICT.				
1	OBB grant	24,70,600/-	24,26,347/-	44,253/-
<i>(Para No. 8 of the Audit Report)</i>				

7.7 **GRAM PANCHAYATS**

Sl. No.	Name of the Gram Panchayat	Name of the grant	Grant released Rs.	Grant spent Rs.	Amount lapsed Rs.	Audit Para No.
(i) EAST GODAVARI DISTRICT						
1	Anaparthi	X Finance Commission Funds	2,63,863/-	1,60,675/-	1,03,188/-	08

2	Kovvada	JRY	32,247-50	-	32247.50	19
(ii) NELLORE DISTRICT						
1	Yellaiah Palem	JGSY	1,69,829/-	76,443/-	93,386/-	21
2	Padugu Padu	Payment of Salaries	4,19,000/-	3,97,153/-	21,847/-	4
3	Gudipalli Padu	-do-	3,50,000/-	2,05,755/-	1,44,245/-	12
4	Sydapuram	-do-	2,28,000/-	1,49,052/-	78,948/-	15
(iii) KURNOOL DISTRICT						
1	Betham Charla	Pay & allowances of office staff and sanitary staff	13,54,000 /-	6,05,166/-	7,48,834/-	14
2	Cement Nagar	-do-	4,60,000/-	4,11,340/-	48,660/-	11
3	Palakuru	-do-	1,10,000/-	71,032/-	38,968/-	6
4	Rudra Varam	-do-	4,26,563/-	1,70,079/-	2,56,484/-	5
(iv) KRISHNA DISTRICT						
1	Ibrahim-patnam	TFC	1,01,150/-	19,121/-	82,029/-	21

(v) NALGONDA DISTRICT						
1	Yadagiri-gutta	JGSY	1,46,503/-	1,40,870/-	5,633/-	5
2	Kattangur	JGSY	2,13,546/-	2,08,878/-	4,668/-	5
3	Ragadapa	JRY	1,83,818/-	1,25,786/-	58,032/-	3
4	Ram Reddy Pally	JRY	1,20,344/-	225/-	1,20,119/-	3

3. UNUTILISATION / UNDER UTILISATION OF GRANTS

- 8.1 *Grants-in-aid sanctioned/released are to be utilised by the implementing agencies within the permitted period following the procedure prescribed and as per the norms/guidelines fixed/suggested by the grant sanctioning authority.*
- 8.2 *Government issued orders in G.O. Ms. No. 354 of Panchayat Raj, Rural Development and Relief (Accounts VI) Department, dated: 15-06-1994 extending the period of utilisation of non-salary grants released in a financial year upto 31st March of the succeeding financial year allowing the implementing agencies sufficient time to properly plan for the utilisation of the grants to accomplish the benefits. It is desirable that notwithstanding the availability of time to utilize the grants, the utilisation of the grants should be planned evenly avoiding rush of expenditure at the eleventh hour and consequential irregularities, unless other wise warranted.*
- 8.3 *But in some cases, the failure of implementing agencies in proper planning of the utilisation of the grants was noticed. There are cases of nil utilization of grants for months together.*
- 8.4 *A Consolidated **Statement No. 9 (3)** showing unutilisation /under utilization of grants is annexed to the Report from which it could be seen that **3088** audit objections were raised involving an amount of **Rs. 3001.32 lakhs**.*
- 8.5 *A few of such cases selected from the Audit Reports of Panchayat Raj bodies are furnished below.*

A. ZILLA PARISHADS

Sl. No.	Name of the grant	Grant released Rs.	Balance at the end of the year Rs.
(i) ZILLA PARISHAD – NELLORE DISTRICT.			
1	NABARD	5,00,000/-	5,00,000/-
2	APRBSFC Rural Roads	1,40,000/-	1,40,000/-
3	APRBSFC for School Buildings	26,00,000/-	26,00,000/-
4	State Plan for construction of MPP Buildings	2,50,000/-	2,50,000/-
5	XI Finance Commission	11,10,000/-	11,10,000/-
<i>(Para No. 6 (e) of the Audit Report)</i>			
(ii)	NABARD V	10,00,000/-	10,00,000/-
<i>(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj, Kavali)</i>			
(ii) ZILLA PARISHAD – KAKINADA – EAST GODAVARI DISTRICT.			
1	NABARD RID II	10,35,000/-	10,35,000/-
<i>(Para No 7(b) of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj, Kakinada)</i>			
2 (I)	MI (SCO) II	6,000/-	6,000/-

(ii)	NABARD RID II	3,68,000/-	3,68,000/-
<i>(Para No. 7 (b) of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj, Rajahmundry)</i>			
3 (I)	ARWS (NTSP)	6,34,000/-	6,34,000/-
(II)	MNP (NTSP)	44,000/-	44,000/-
(III)	RSP (Plan)	10,00,000/-	10,00,000/-
<i>(Para No. 7(b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj, Rajahmundry)</i>			
4	MNP (sc)	1,00,000/-	1,00,000/-
<i>(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj, Amalapuram)</i>			
5 (I)	ARWS (Plan)	46,00,000/-	46,00,000/-
(i)	Computerisation	55,000/-	55,000/-
<i>(Para No. 7 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj (RWS), Amalapuram)</i>			
(iii) ZILLA PARISHAD – SRIKAKULAM DISTRICT.			
1	EAS Grants	58,76,000/-	58,76,000/-
(iv) ZILLA PARISHAD – SIDDIPET – MEDAK DISTRICT.			
1	MNP (SC)	1,00,000/-	1,00,000/-

2	M.T. (SCP)	4,35,500/-	4,35,500/-
3	MRO / State Buildings	26,000/-	26,000/-
4	SFC Rural Roads	33,000/-	33,000/-
<i>(Para No. 8 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)</i>			
(v) ZILLA PARISHAD – NAGARKURNOOL – MAHABUBNAGAR			
DISTRICT			
1	MNP (NTSP)	55,000/-	55,000/-
2	SFC	69,00,000/-	69,00,000/-
<i>[Para No. 6 (b) of the Audit Report on the accounts of Executive Engineer, Panchayat Raj</i> <i>(RWS)]</i>			

B. MANDAL PARISHADS

MANDAL PARISHAD – CHERIAL – WARANGAL DISTRICT.

Sl. No.	Name of the grant	Grant released Rs.	Balance at the end of the year Rs.	Audit Para No.
1	Vehicle Maintenance	45,000/-	45,000/-	3 (e)

C. GRAM PANCHAYATS

Sl. No.	Name of the Gram Panchayat & District	Name of the Grant	Grant released Rs.	Balance Rs.	Audit Para No.
1	Peddammaddali, Krishna	TFC	81,048/-	81,048/-	23
2	Tamirasa, Krishna	TFC	1,24,338/-	1,24,338/-	29

4. EXCESS UTILISATION OF GRANTS

- 9.1 *The Zilla Parishads, Mandal Parishads and Gram Panchayats are in receipt of Grants-in-Aid from the Government for certain specified purposes to be spent within a prescribed time. They furnish utilization certificates for the grants to utilized.*
- 9.2 *During the course of audit, several instances have come to the notice of audit that some of these bodies incurred expenditure in excess of the Grant-in-Aid received. The fact of incurring of such excess expenditure further implies that such expenditure was met from the unspent balances of some other grants. Necessary steps are called for to curb this sort of financial indiscipline at the earliest. The excess expenditure incurred, wherever possible, should be got reimbursed from the grant sanctioning authorities explaining the circumstances under which excess expenditure over and above the grant sanctioned became inevitable.*
- 9.3 *All such cases of excess expenditure over and above the Grant-in-aid received are detailed in **Statement No. 9 (4)** to the Report from which it could be seen that a total amount of **Rs. 3243.04 lakhs** was spent in excess of the grants received which was pointed out in the relevant audit reports in **1925** paras.*
- 9.4 *A few of such irregularities pointed out in the relevant audit reports are detailed below.*
- 9.5.1 **ZILLA PARISHAD – ADILABAD DISTRICT.**
- (a) **EXCESS UTILISATION-EXCESS EXPENDITURE INCURRED OVER AND ABOVE THE GRANTS RECEIVED DURING THE YEAR – Rs. 1,46,71,537/-**

It was observed during the course of audit that expenditure was incurred far in excess of grants received by the Zilla Parishad as shown below instead of restricting the expenditure to the amount of grant received. The excess expenditure incurred should be got reimbursed from the grant sanctioning authority concerned as otherwise the schemes for which grants were released and whose balances were diverted cannot be implemented which results in lopsided development.

Sl. No.	Name of the grant	Grant received Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	State Finance Commission -Construction	2,15,85,000/-	2,68,86,202/-	53,01,202/-
2	R.R.M.	10,00,000/-	25,50,353/-	15,50,353/-
3	NABARD	2,73,70,000/-	2,80,57,439/-	6,87,439/-
4	S.F.C (Rural Roads)	1,20,000/-	1,59,801/-	39,801/-
5	S.F.C (MP Buildings)	97,31,000/-	1,21,16,689/-	23,85,689/-
6	MHP (Plain)	17,25,000/-	21,62,110/-	4,37,110/-
7	M.I (Plain)	1,40,000/-	5,66,922/-	4,26,922/-
8	FDR (Roads)	16,75,000/-	17,12,610/-	37,610/-
9	Market Committee Fund	31,87,041/-	69,82,886/-	37,95,845/-
10	Contingencies	61,094/-	70,660/-	9,566/-
	Total:	6,65,94,135/-	8,12,65,672/-	1,46,71,537/-

[Para No. 7 (a) of the Audit Report on the accounts of Executive Engineer (P.R.)]

(b) ZILLA PARISHAD – NIRMAL – ADILABAD DISTRICT.

EXCESS UTILISATION OF GRANTS –EXPENDITURE INCURRED OVER AND ABOVE THE GRANTS RECEIVED AND IN ANTICIPATION OF RECEIPT OF GRANTS – Rs. 2,35,18,166/-

It was noticed in audit that expenditure was incurred in excess of the grants received and also in anticipation of receipt of grants as detailed hereunder. Such expenditure needs to be got reimbursed from the grant sanctioning authority concerned and in future the expenditure should be limited to the extent of actual receipt of the grant.

Sl. No.	Name of the grant	Grant received Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	Salary Grants	12,60,000/-	17,80,991/-	5,20,991/-
2	TA Grant	--	3,50,040/-	3,50,040/-
3	Motor Vehicle	--	49,687/-	49,687/-
4	S.F.C(Main)	30,60,000/-	48,75,282/-	18,15,282/-
5	Spl R.R.M.	39,00,000/-	2,27,43,218/-	1,88,43,218/-
6	S.F.C.(MANDAL PARISHAD Building)	--	7,20,219/-	7,20,219/-
7	MI	59,000/-	4,62,839/-	4,03,839/-
8	ACDF grant	--	2,47,708/-	2,47,708/-
9	FDR (Roads)	--	3,72,887/-	3,72,887/-
10	Construction of Shadi Khana	--	2,12,295/-	2,12,295/-
	Total:	82,79,000/-	3,18,15,166/-	2,35,36,166/-

(Para No. 7 (a) of the Audit Report on the accounts of Executive Engineer, P.R.,)

9.5.2 ZILLA PARISHAD – CHITTOOR DISTRICT.

(a) EXCESS EXPENDITURE INCURRED OVER AND ABOVE THE GRANTS RECEIVED – Rs. 2,89,39,615/-

Excess expenditure aggregating to Rs. 2,89,39,615/- was incurred by the Executive Engineer, R.W.S. Tirupathi over and above the grants released by the Government as detailed below.

Sl. No.	Name of the grant	Grant received Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	ARWS 20%	-	19,69,778/-	19,69,778/-
2	ARWS 15%	-	2,64,535/-	2,64,535/-

3	MNP (Plain)	11,70,000/-	1,93,35,444/-	1,81,65,444/-
4	MNP (S.C)	25,74,000/-	33,50,983/-	7,76,983/-
5	MHP	12,03,000/-	73,91,140/-	61,88,140/-
6	MNP (Spl)	-	2,84,717/-	2,84,717/-
7	Drought	1,21,40,000/-	1,32,07,822/-	10,67,822/-
8	RGNDWM (P)	9,68,000/-	11,90,196/-	2,22,196/-
	Total:	1,80,55,000/-	4,69,94,615/-	2,89,39,615/-

The excess expenditure incurred is to be ratified and reimbursed by the grant sanctioning authority concerned and action to that effect is required.

(Para No. 7 (a) of the Audit Report on the accounts of Executive Engineer (RWS) Tirupathi)

(b) **EXCESS UTILISATION OF GRANTS-EXCESS EXPENDITURE OVER AND ABOVE THE GRANTS – Rs. 1,22,42,167/-**

It was noticed during the course of audit that excess expenditure over and above the grants received was incurred by the Executive Engineer, (Panchayat Raj) Chittoor as detailed hereunder. Such excess expenditure needs reimbursement from the grant sanctioning authority.

Sl. No.	Name of the grant	Grant received Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	Special RRM	1,85,35,000/-	2,93,25,464/-	1,07,90,464/-
2	Kuppam MI (P)	44,02,000/-	52,50,282/-	8,48,282/-
3	ORDP Contingencies	1,80,000/-	3,12,951/-	1,32,951/-
4	M.P.&ADS	-	1,95,934/-	1,95,934/-
5	M.N.P.(SC)	-	2,74,536/-	2,74,536/-

	Total:	2,31,17,000/-	3,53,59,167/-	1,22,42,167/-
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[Para 6 of the Audit Report on the accounts of Executive Engineer (PR)]

(c) **EXCESS EXPENDITURE OVER AND ABOVE THE GRANTS RECEIVED**
DESPITE NOT REALISING THE ALREADY INCURRED EXCESS
EXPENDITURE – Rs. 1,58,75,853/-

It was observed in audit that inspite of minus balances under certain grants, which means that excess expenditure under that particular grant was already incurred and not getting such excess expenditure reimbursed from the relevant grant sanctioning authorities, expenditure was again incurred during the current year by diverting the funds under other grants as mentioned below. Such irregular practice should be discontinued and immediate steps may be taken to get the excess expenditure reimbursed so that the schemes for which such other grants were released can be properly implemented.

Sl. No	Name of the grant	Opening Balance	Grant received Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	Drought Borewell	35,75,880/-	3,88,35,000/-	4,49,69,462/-	25,58,582/-
2	PWS MNP(P)	(-) 5,87,50,468/-	2,30,303/-	5,00,07,459/-	10,85,27,624/-
3	MNP (Defunct)	(-)49,71,086/-	72,000/-	49,12,650/-	98,11,736/-
4	ARWS (P)	(-) 6,50,79,186/-	7,28,18,000/-	3,33,05,828/-	2,55,67,014/-
5	MP Kuppam (HUDCO)	(-)2,99,707/-	-	54,74,837/-	97,74,544/-
6	MNP (Special)	-	-	2,84,717/-	2,84,717/-

7	ARWS 20%	-	-	19,69,778/-	19,69,778/-
8	ARWS 15%	-	-	2,64,535/-	2,64,535/-
	Total:	(-)12,95,24,567/-	11,19,55,303/-	14,11,89,266/-	1,58,75,853/-

(Para No. 6 of the Audit Report on the accounts of Executive Engineer, RWS)

9.5.3 **ZILLA PARISHAD – SANGAREDDY – MEDAK DISTRICT.**

EXCESS UTILISATION OF GRANTS – Rs. 3,23,48,452/-

An aggregate amount of Rs. 3,23,48,452/- was spent in excess by the Executive Engineer, (PR) Siddipet over and above the grants released by the Government as detailed below.

Sl. No.	Name of the Grant	Grant Released Rs.	Expenditure incurred Rs.	Excess expenditure incurred Rs.
1	2515 RDP Estt	24,16,000/-	41,76,798/-	17,60,798/-
2	RRM(N)	1,33,71,000/-	1,77,39,740/-	43,68,740/-
3	MNP(Plain Roads)	4,01,000/-	8,52,301/-	4,51,301/-
4	Maintenance of PR	23,10,000/-	1,14,16,127/-	91,06,127/-
5	Spl RRM	4,55,000/-	79,82,983/-	75,27,983/-
6	ZP (General Funds Works)	20,00,000/-	36,80,324/-	16,80,324/-

7	New Rural Roads	35,85,000/-	72,30,547/-	36,45,547/-
8	Contingencies	60,000/-	1,50,323/-	90,323/-
NABARD				
9	RIDF.III	2,90,000/-	12,75,960/-	9,85,960/-
10	RIDF.IV	70,00,000/-	97,08,107/-	27,08,107/-
11	DRP	45,00,000/-	45,23,242/-	23,242/-
	Total:	3,63,88,000/-	6,87,36,452/-	3,23,48,452/-

The excess expenditure was incurred from out of the balances of other grants by diversion.

[Para No. 23 of the Audit Report on the accounts of the Executive Engineer (PR)]

5. MISUTILISATION OF GRANTS / FUNDS

- 10.1 Many cases of Misutilisation of funds/grants were noticed in audit, a few of them are mentioned below.
- 10.2 A total number of **401** such cases involving an amount of **Rs. 180.95 lakhs** were pointed out in audit.
- 10.3 A Statement of such cases noticed is appended to the Report [**Statement No. 9 (5)**]

10.4.1 ZILLA PARISHAD – PRAKASAM DISTRICT.

PAYMENT OF TELEPHONE CHARGES, OIL CHARGES, STATIONERY ARTICLES, SWEEPING CHARGES AND DIAL UP CONNECTIVITY TO AP SWAN (M/S UNITED TELECOM LTD., HYDERABAD ETC) EXPENDITURE INCURRED ON BEHALF OF SUPERINTENDING ENGINEER, RWS (P) CIRCLE ONGOLE AND ENGINEER-IN-CHIEF, PANCHAYAT RAJ, HYDERABAD-NOT REIMBURSED –IRREGULAR – NEEDS RECOVERY – Rs. 1,91,742/-

The following amounts were paid to the connected departments and individuals on behalf of Superintending Engineer RWS (Projects)

Circle, Ongole and Engineer in Chief, (P.R.) Hyderabad during the year under report.

The amounts were paid purely on reimbursement basis. The offices of the Engineer in Chief, (P.R.) Hyderabad and the Superintending Engineer, PR, RWS, Ongole are government offices and they have their own budget allotment from Government to meet the contingent expenditure. The authority for the payments made was also not produced to audit.

Hence these are unauthorized payments. The amount spent cannot be admitted in audit. The amount should be reimbursed from Superintending Engineer, PR (RWS) Ongole as well from the Engineer in Chief, Hyderabad or recovered from the person or persons responsible.

Sl. No.	Vr. No & Date	Particulars	Amount Rs.
1	972 / 1-2001	Sweeping charges from 9/2000 to 12/2000 paid to Sri P. Venkateswarlu, Ongole office of Superintending Engineer, RWS, Ongole (By way of DD on reimbursement basis)	2,500/-
2	971 / 1-2001	Towards cost of Telephone charges for Telephone No. 32274 pertaining to the residence of SE.RWS(P) Circle, Ongole	3,647/-
3	740 / 9-2000	Amount paid to A.P. State Co-operative Consumer Federation Ltd Hyderabad towards supply of Stationery for Computer room. (Bill No. 2249 dt. 28-6-2000)	18,927/-
4	741 / 9-2000	Amount paid to A.P.State Co-operative Consumers Federation Ltd., Ongole towards supply of Stationery articles to the office of the Superintending Engineer, RWS(P) Circle, Ongole(Bill Nos. 3930 to 3934 dt. 6-4-2000)	4,348/-
5	973 / 1-2001	Cost of oil to the car ABK 4473 of Superintending Engineer, PR, RWS(P) Circle, Ongole from 9/2000 to 1/2001(on reimbursement basis)	5,969/-
6	983 / 1-2001	Payment of Telephone charges for Telephone No. 33275 & 31263 of the Superintending Engineer, RWS(P) Circle, Ongole from 7/2000 to 10/2000	18,164/-
7	1021 / 2-2001	Amount paid to M/s United Telecom Ltd., Hyderabad towards Dialup Connectivity (APSWAN) for the office of the Superintending Engineer, RWS(P) Circle,	5,000/-

		Ongole	
8	1075 / 3-2001	Payment of Telephone charges of Phone Nos 33275 & 32274 and 31263 of office of the Superintending Engineer, RWS(P) Circle, Ongole	3,582/-
9	984 / 1-2001	Amount paid to Assistant Accounts officer, E.R.O. Transco, Ongole towards Electricity charges of the office of the Superintending Engineer, RWS(P) Circle, Ongole S.C. No. 20500	19,277/-
10	38 / 4-2000	Stationery supplied to the office of the Engineer in Chief ,PR, Hyderabad by A.P. State Co-operative Consumers Federation Ltd., Ongole	65,852/-
11	796 / 6-2000	Repairs to Air Conditioners in Computer Room at Circle Office, Ongole (Repairs to old computers) vide Bill No. 1148/18-4-2000 of Lakshmi Refrigeration, Ongole.	10,000/-
12	43 / 4-2000	Supply and delivery of Modi Fax machine connecting to Computer. Invoice No. 6151 dt. 12-10-99 of the Arrow Automation, Governorpet, Vijayawada for the of office of the Superintending Engineer, RWS(P) Circle, Ongole	34,476/-
		<i>Total:</i>	1,91,742/-

(Para No. 8 of the Audit Report on the accounts of Executive Engineer, PWS (Projects) Podili)

10.4.2 ZILLA PARISHADS – NELLORE AND KURNOOL DISTRICTS.

(a) **SANCTION OF MARRIAGE ADVANCES TO GANG MAZDOORS – AUTHORITY WANTING – ADVANCES RECOVERABLE REGISTER NOT MAINTAINED AND RECOVERIES NOT WATCHED – Rs. 45,000/-**

An aggregate amount of Rs. 45,000/- was drawn on the following vouchers and paid to Gang Mazdoors mentioned below towards Marriage Advance during the year under audit. But the Advances Recoverable Register was not maintained and recoveries not watched. Further authority under which these advances were sanctioned and paid from Engineering Funds was not pointed out to audit. In the absence of the same, the entire amount of Rs. 45,000/- paid towards marriage advance cannot be admitted in audit and is held under objection.

Vr. No. & month	Particulars	Amount Rs.
35 / 5-2000	Paid to Sri P. Singaiah, GM, P.R. Sub Division Kavali, towards Marriage Advance	15,000/-
36 / 5-2000	Paid to Sk. Madar Saheb, G.M. PR Sub Division Kavali towards Marriage Advance	15,000/-
889 / 1-2001	Paid to Sri B. Pullaiah, GM, p.r. Sub Division, Kavali towards Marriage Advance sanctioned in Progs. Rc. No. A5/MA/2000 dt. 26-12-2000 of the EE.P.R., Kavali.	15,000/-
	Total:	45,000/-

(Para No. 42 of the Audit Report on the accounts of the Executive Engineer, P.R., Kavali)

(b) The Executive Engineer, Panchayat Raj, Kurnool has sanctioned Rs. 15,000/- towards Marriage Advance to Smt. T.Neramma, Gang Mazdoor of Nandikotkur Sub Division in Progs. Rc. No. A1/20033/2000 dated 14-03-2000. The amount was drawn on Vr. No. 3 / 01-04-2000 and paid to the individual. There is no budget provision for Marriage Advance. The Executive Engineer has sanctioned the amount from Engineering Fund. The advance so sanctioned should be recovered in lumpsum with interest and credited to Engineering Funds of Kurnool division under intimation to audit.

(Para No. 19 of the Audit Report on the accounts of the Executive Engineer (PR) Kurnool)

(c) **PAYMENT OF SALARIES OF STAFF OF EXECUTIVE ENGINEER PANCHAYT RAJ, NELLORE AND DEPUTY EXECUTIVE ENGINEER (PR) ATMAKUR FROM NEERU MEERU FUNDS INSTEAD OF SALARY GRANT – Rs. 2,03,404/-**

An amount of Rs. 2,03,404/- was utilised towards payment of salaries of staff of Executive Engineer(PR) Nellore and Deputy Executive Engineer (PR), Atmakur from Neeru Meeru Funds instead of salary grant. The amounts released under Neeru Meeru programme should be utilised for the purpose for which they were meant for instead of misutilising them. The amount was not reimbursed at a later date.

No action was initiated by the Executive Engineer for reimbursement of the amount to the Neeru Meeru Funds.

(Para No. 28 of the Audit Report on the accounts of Engineering Fund of the Executive Engineer (PR) Nellore)

(d) **TELEPHONE CHARGES OF RESIDENTIAL PHONE OF EXECUTIVE ENGINEER, PANCHAYAT RAJ, NANDYAL PAID FROM ENGINEERING FUNDS – MISUTILISATION OF ENGINEERING FUNDS – Rs. 22,827/-**

An amount of Rs. 22,827/- was spent towards payment of Telephone charges of the residential telephone of the Executive Engineer, Panchayat Raj, Nandyal from the Engineering Funds without any authority constituting misutilisation of the Engineering Funds.

(Para No. 15 of the Audit Report on the accounts of Engineering Funds)

10.4.3 ZILLA PARISHAD – KARIMNAGAR – KARIMNAGAR DISTRICT.

PAYMENT OF WAGES TO SWEEPERS IN ZILLA PARISHAD SCHOOLS FROM TEACHING GRANT – MISUTILISATION OF FUNDS – Rs. 11,69,077/-

The wages of sweepers working in Zilla Parishad Secondary Schools have to be paid from the contingent grant released by the District Educational Officer and adjusted to the Parishad Education funds. But an amount of Rs. 11,69,077/- was utilised for payment of wages to full time and part time contingent sweepers from Teaching grant as no grant was released by the District Educational Officer and adjusted to Parishad Education Fund. This constitutes misutilisation of teaching grant.

No action was taken to get the contingent grant from the District Educational Officer.

(Para No. 11 of the Audit Report on the accounts of Education Funds)

10.4.4 ZILLA PARISHAD – MEDAK – MEDAK DISTRICT.

PAYMENT OF HIRE CHARGES OF PRIVATE CAR ENGAGED BY SUPERINTENDING ENGINEER, PANCHAYAT RAJ (RWS) MEDAK – NOT REIMBURSED – Rs. 33,200/-

An amount of Rs. 33,200/- was paid from the funds available with the Executive Engineer, Panchayat Raj, (RWS) Sadasivapet towards the expenditure incurred by the Superintending Engineer, Panchayat Raj (RWS) Medak on hiring of a car during the period from 4/2000 to 7/2000 constituting loss to the Engineering Funds. Though the Superintending Engineer, Panchayat Raj (RWS) has separate fund and budget allocation for such purpose, the amount was not reimbursed to the Executive Engineer, Panchayat Raj (RWS) Sadasivapet.

No action was initiated by the Executive Engineer to get the amount from the Superintending Engineer, Panchayat Raj (RWS) Medak.

(Para No. 28 of the Audit Report on the accounts of Engineering Funds)

10.5.1 MANDAL PARISHAD – BALANAGAR – MAHABUBNAGAR DISTRICT

PAYMENT OF WAGES TO SWEEPERS OF MANDAL PARISHAD SCHOOLS FROM TEACHING GRANT- MISUTILISATION OF FUNDS – Rs. 3,74,925/-

The wages of sweepers are to be paid from the contingent grant released by the District Educational Officer and adjusted to Education Funds. Contrary to this, an amount of Rs. 3,74,925/- was paid to the sweepers from Education funds without the grant being released by the District Educational Officer and adjusted to Education Funds resulting in misutilisation of teaching grant.

No action was initiated by the Executive Authority to get the contingent grant released and adjusted to Education Funds.

(Para No. 9 of the Audit Report)

10.5.2 MANDAL PARISHAD – KHAMMAM (R) – KHAMMAM DISTRICT.

PAYMENT OF WAGES OF PART TIME SWEEPERS FROM TEACHING GRANT – IRREGULAR – Rs. 39,000/-

An amount of Rs. 39,000/- was utilised from the teaching grant towards payment of wages to the part time sweepers in elementary schools though such expenditure is inadmissible from the grant as separate grant is released by the District Educational Officer. But no action was taken by the MPDO for getting the contingent grant from the District Educational Officer.

(Para No. 21 of the Audit Report on the accounts of the Elementary Education Funds)

10.5.3 MANDAL PARISHAD – NARAYANAKHED – MEDAK DISTRICT.

DRAWAL OF TRANSFER TRAVELLING ALLOWANCE FROM GENERAL FUNDS INSTEAD OF TREASURY – MISUTILISATION OF FUNDS – Rs. 3,370/-

An amount of Rs. 3,370/- was drawn on Vr. No. 99/7-2000 towards TTA Bill of the Mandal Parishad Development Officer Sri Hari Singh, from the General Funds of Mandal Parishad on his transfer from Gajwel to Narayankhed instead of from the Treasury constituting misutilisation of General Funds of Mandal Parishad.

(Para No. 16 of the Audit Report)

6. NON-UTILISATION OF EARMARKED FUNDS

11.1 *Government vide their orders issued in G.O. Ms. No. 450 & 451, P.R. & R.D. (Programme-IV) Department, dated: 09-04-2001 and G.O. Ms. No. 38 Women Development and Child Welfare Department, dated 29.05.98 read with G.O. Ms. No. 704 of P.R. & R.D. Department, dated: 05-11-1994 issued instructions that every Zilla Parishad and Mandal Parishad shall earmark funds out of their General Funds and utilize the same on the schemes benefiting the S.C.s, S.T.s and for Women and Child Welfare at the following rates.*

- | | | |
|----|----------|-------|
| 1. | For S.Cs | : 15% |
| 2. | For S.Ts | : 6% |

3. For Women & Child Welfare : 15%

- 11.2 Further 1/3 of such earmarked funds shall be made over at the beginning of the year to the A.P. Scheduled Castes Co-operative Finance Corporation / A.P. Scheduled Tribes Co-operative Finance Corporation / A.P. Women Co-operative Finance Corporation as the case may be to be utilized for the benefit of the S.Cs, S.Ts and Women and Children respectively. The balance of 2/3rd funds shall be utilized by the Zilla Parishads/Mandal Parishads for the benefit of S.Cs, S.Ts, Women & Children in the Zilla Parishad, Mandal Parishad areas. Unspent balance out of the 2/3rd funds at the end of the financial year, if any, shall be made over to the respective Corporations.
- 11.3 It is observed in audit that in many cases the funds to be earmarked as per the orders of Government were worked out and provided for in their respective budget estimates. But funds were neither made over to the respective Corporations at the beginning of the year nor fully utilized by the Zilla Parishads/Mandal Parishads. The unspent balances at the end of the year were also not remitted to the respective Corporations in many cases. Such inaction had defeated the very purpose of earmarking of funds.
- 11.4 Statement of district wise earmarking of funds for SCs, STs and Women and Child Welfare is appended to the report [**Statement No. 9 (6)**] consisting of **93** audit objections involving an amount of **Rs. 1891.19 lakhs**.

A few of cases failure to utilise the Earmarked funds are as below.

**DETAILS OF NON-UTILISATION OF EARMARKED FUNDS IN ZILLA PARISHADS FOR WELFARE OF SCHEDULED CASTES
FOR THE YEAR 2000-2001**

Sl. No.	Name of Zilla Parishad	District	Amount earmarked							
			Total amount Earmarked	1/3d amount to be transferred to SC Co-op. Finance Corporation	Amount transferred	Balance amount to be transferred	2/3rd amount to be spent for the welfare of the SCs	Amount Spent	Balance of 2/3rd amount to be transferred to Co-op. Finance Corporation	Total Amount to be transferred to SC Finance Corporation
1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Ongole	Prakasam	45,82,600	15,27,533	15,58,400	Nil	30,55,067	7,85,600	22,69,467	22,69,467
2	Chittoor	Chittoor	40,54,046	13,51,349	18,00,000	Nil	22,54,046	Nil	22,54,046	22,54,046
3	Warangal	Warangal	22,37,884	7,45,961	Nil	7,45,961	14,91,923	Nil	14,91,923	22,37,884
4	Medak	Medak	56,26,700	18,75,567	Nil	18,75,567	37,51,133	15,18,426	22,32,707	41,08,274
Total:			1,65,01,230	55,00,410	33,58,400	26,21,528	1,05,52,169	23,04,026	86,96,794	1,08,69,671

DETAILS OF NON-UTILISATION OF EARMARKED FUNDS IN ZILLA PARISHADS FOR THE WELFARE OF SCHEDULED TRIBES FOR THE YEAR 2000-2001

Sl. No.	Name of Zilla Parishad	District	Amount earmarked							
			Total amount earmarked	1/3rd amount to be transferred to ST Co-op. Finance Corporation	Amount transferred	Balance amount to be transferred	2/3rd amount to be spent for the welfare of the STs	Amount spent	Balance of 2/3rd amount to be transferred to ST Co-op. Finance Corporation	Total Amount to be transferred to ST Finance Corporation
1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	ONGOLE	Prakasam	18,33,000	6,11,000	Nil	6,11,000	18,33,000	Nil	18,33,000	24,44,000
2	CHITTOOR	Chittoor	16,21,619	5,40,540	1,80,000	3,60,540	14,41,619	Nil	10,81,079	14,41,619
3	WARANGAL	Warangal	8,95,154	2,98,385	Nil	2,98,385	8,95,154	Nil	8,95,154	11,93,540
4	MEDAK	Medak	22,50,200	7,50,067	Nil	7,50,067	22,50,200	15,29,914	7,79,847	15,29,914
Total:			65,99,973	21,99,992	1,80,000	20,19,992	64,29,973	15,29,914	45,89,080	56,99,687

DETAILS OF NON-UTILISATION OF EARMARKED FUNDS IN ZILLA PARISHADS FOR WOMEN & CHILD WELFARE FOR THE YEAR 2000-2001

Sl. No.	Name of Zilla Parishad	District	Amount earmarked			
			Total amount earmarked to be transferred to the Women & Child Welfare Fund	Amount transferred	Balance	Total amount to be transferred to A.P. Women Co-op Finance Corporation
1	2	3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.
1	Chittoor	Chittoor	40,54,046	13,25,000	27,29,046	27,29,046
2	Ongole	Prakasam	45,82,600	1,50,000	44,32,600	44,32,600
Total			86,36,646	14,75,000	71,61,646	71,61,646

DETAILS OF NON-UTILISATION OF EARMARKED FUNDS IN MANDAL PARISHADS FOR WELFARE OF SCHEDULED CASTES FOR THE YEAR 2000-2001

Sl. No.	Name of Mandal Parishad	District	Amount earmarked							
			Total amount earmarked	1/3d amount to be transferred to SC Co-op. Finance Corporation	Amount transferred	Balance amount to be transferred	2/3rd amount to be spent for the Welfare of the SCs	Amount spent	Balance of 2/3rd amount to be transferred to ST Co-operative Finance Corporation	Total Amount to be transferred to SC Co-op Finance Corporation
1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
1	Maddipadu	Prakasam	1,81,799	60,600	-	60,600	1,21,199	-	121199	181799
2	Butchi Reddypalem	Nellore	1,26,777	42,259	-	42,259	84,518	-	84,518	126777
3	Rapur	Nellore	60,833	20,278	-	20,278	40,555	-	40555	60833
4	Narsaropet	Guntur	2,69,583	89,861	-	89,861	1,79,722	-	179722	269583
5	Thotavallur	Krishna	1,05,778	35,260	-	35,260	70,518	-	70518	105778

6	<i>Butchiahpet</i>	<i>Visakhapatnam</i>	88,424	29,475	-	29,475	58,949	-	58949	88424
7	<i>Tirupathi</i>	<i>Chittoor</i>	5,24,564	1,74,855	-	1,74,855	3,49,709	1,59,307	1,90,402	365257
8	<i>Yadamarri</i>	<i>Chittoor</i>	64,800	21,600	-	21,600	43,200	-	43200	64800
9	<i>Devarakonda</i>	<i>Kurnool</i>	71,099	23,700	-	23,700	47,399	-	47399	71099
10	<i>Allagadda</i>	<i>Kurnool</i>	63,172	21,057	-	21,057	42,115	-	42115	63172
11	<i>Gopavaram</i>	<i>Cuddapah</i>	40,493	13,498	-	13,498	26995	-	26995	40493
12	<i>Kadiri</i>	<i>Ananthapur</i>	51,190	17,063	-	17,063	34127	-	34127	51190
13	<i>Chintakam</i>	<i>Khammam</i>	18,614	6,205	-	6,205	12409	-	12409	18614
14	<i>Chevella</i>	<i>Rangareddy</i>	1,05,686	35,229	-	35,229	70457	-	70457	105686
15	<i>Adilabad</i>	<i>Adilabad</i>	71,978	23,993	-	23,993	47985	-	47985	71978
16	<i>Kotaplli</i>	<i>Adilabad</i>	30,978	10,326	-	10,326	20652	-	20652	30978
17	<i>Mogullur Pally</i>	<i>Warangal</i>	63,865	21,288	-	21,288	42577	-	42577	63865
18	<i>Paruchigiri</i>	<i>Warangal</i>	61,762,	20,587	-	20,587	41175	-	41175	61762
19	<i>Karampoor</i>	<i>Karimnagar</i>	88,586	29,529	-	29,529	59057	-	59057	88586
20	<i>Velagatoor</i>	<i>Karimnagar</i>	63,794	21,265	-	21,265	42529	-	42529	63794
21	<i>Raikode</i>	<i>Medak</i>	2,95,969	98,656	-	98,565	197313	-	197313	295969
Total:			24,49,744	8,16,584	-	8,16,584	16,33,160	1,59,307	14,73,853	22,90,437

DETAILS OF NON-UTILISATION OF EARMARKED FUNDS IN MANDAL PARISHADS FOR WELFARE OF SCHEDULED TRIBES FOR THE YEAR 2000-2001

Sl. No	Name of Mandal Parishad	District	Amount earmarked							
			Total amount earmarked	1/3d amount to be transferred to ST Co-op. Finance Corporation	Amount transferred	Balance amount to be transferred	2/3rd amount to be spent for the welfare of the STs	Amount spent	Balance of 2/3rd amount to be transferred to ST Co-op. Finance Corporation	Total Amount to be transferred to ST Co-op Finance Corporation
1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
1	Maddipadu	Prakasam	72,720	24,240	-	24,240	48,480	-	48,480	72,720
2	Butchi Reddypalem	Nellore	50,710	16,903	-	16,903	33,807	-	33,807	50,710
3	Rapur	Nellore	24,333	8,111	-	8,111	16,222	-	16,222	24,333
4	Narsaropet	Guntur	1,07,833	35,944	-	35,944	71,889	-	71,889	1,07,833

5	<i>Butchaiahpet</i>	<i>Visakhapatnam</i>	35,370	11,790	-	11,790	23,580	-	23,580	35,370
6	<i>Tirupathi</i>	<i>Chittoor</i>	2,09,825	69,941	-	69,941	1,39,884	-	1,39,884	2,09,825
7	<i>Yadamarri</i>	<i>Chittoor</i>	25,900	8,633	-	8,633	17,267	-	17,267	25,900
8	<i>Devarakonda</i>	<i>Kurnool</i>	28,440	9,480	-	9,480	18,960	-	18,960	28,440
9	<i>Allagadda</i>	<i>Kurnool</i>	25,267	8,422	-	8,422	16,845	-	16,845	25,267
10	<i>Gopavaram</i>	<i>Cuddapah</i>	16,197	5,399	-	5,399	10,798	-	10,798	16,197
11	<i>Hindupuram</i>	<i>Ananthapur</i>	24,542	8,181	7,617	564	16,361	-	16,361	16,925
12	<i>Chintakam</i>	<i>Khammam</i>	7,446	2,482	-	2,482	4,964	-	4,964	7,446
13	<i>Chevella</i>	<i>Rangareddy</i>	42,275	14,092	-	14,092	28,183	-	28,183	42,275
14	<i>Adilabad</i>	<i>Adilabad</i>	28,791	9,597	-	9,597	19,194	-	19,194	28,791
15	<i>Kotaplli</i>	<i>Adilabad</i>	12,391	4,130	-	4,130	8,261	-	8,261	12,391
16	<i>Karampoor</i>	<i>Karimnagar</i>	35,474	11,825	-	11,825	23,649	-	23,649	35,474
17	<i>Raikode</i>	<i>Medak</i>	1,18,388	39,463	-	39,463	78,925	-	78,925	1,18,388
Total:			8,65,902	2,88,633	7,617	2,81,016	5,77,269	-	5,77,269	-

11.5.1 ZILLA PARISHAD – SANGAREDDY – MEDAK DISTRICT.

As per orders of the Government 15% and 6% General Funds of Zilla Parishad, Medak at Sangareddy have been earmarked for the welfare of Scheduled Castes and Scheduled Tribes respectively in the year 2000-2001 as shown below. But compared to the amount earmarked the amount spent is very meager defeating the very purpose. The amount spent from the Earmarked funds is noted against each.

Sl. No.	Earmarked for	Amount earmarked Rs.	Amount spent Rs.	Balance Rs.
1	15% for the Welfare of Scheduled Castes	56,26,700/-	15,18,426/-	41,08,274/-
2	6% for the Welfare of Scheduled Tribes	22,50,200/-	7,20,286/-	15,29,914/-

(Para No. 7 of the Audit Report on the accounts of General Funds)

11.6.1 MANDAL PARISHAD – RAIKODE – MEDAK DISTRICT.

EARMARKING OF FUNDS FOR WELFARE ACTIVITIES – NON-UTILISATION OF EARMARKED FUNDS.

According to the orders issued in G.O. Ms. No. 447 P.R. & R.D. (Programms.III) Department dated 29-10-1998, every Mandal Parishad shall earmark funds from out of General Funds to be spent on the Welfare of SCs, STs and Women and Children. But, it was noticed that no amount was utilised. Neither 1/3rd share was made over to the respective corporations at the beginning of the year nor the balance i.e. 2/3rd share was utilized or remitted to the concerned Finance Corporations at the end of the year. The earmarked funds for this purpose worked out to Rs. 4,14,357/- for the year under report.

(Para No. 10 of the Audit Report on the accounts of General Funds)

11.6.2 MANDAL PARISHAD – BUCHIREDDYPALEM – NELLORE DISTRICT.

During the year under audit the following amounts were allocated as 15% and 6% earmarked funds from the General Funds to be utilized for the welfare of Scheduled Castes and Scheduled Tribes as per the instructions issued in G.O. Ms. No. 447 PR &RD (Progs.III) Department, dated: 29-10-1998.

Sl. No.	Purpose	Amount earmarked
1	15% for the Welfare of Scheduled Castes.	Rs. 1,26,777/-
2	6% for the Welfare of Scheduled Tribes.	Rs. 50,710/-

It was observed in audit that neither the 1/3rd amount was transferred to the respective corporations at the beginning of the year nor any expenditure was incurred by the Mandal Parishad. As a result of non-utilisation and non-transfer of funds earmarked for the welfare of SCs & STs, the objective behind earmarking the funds has been defeated. Early action may be taken to transfer the unspent amounts to the respective Finance Corporations for utilisation.

(Para No. 8 of the Audit Report on the accounts of General Funds)

11.6.3 MANDAL PARISHAD – RAPUR – NELLORE DISTRICT.

During the year under audit the following amounts were earmarked from the General Funds of the Mandal Parishad to be utilised for the Welfare of Scheduled Castes and Scheduled Tribes as per the instructions issued in G.O. Ms. No. 447 PR &RD (Progs.III) Department, dated: 29-10-1998.

Purpose	Amount earmarked
15% for the Welfare of Scheduled Castes	Rs. 60,833/-
6% for the Welfare of Scheduled Tribes	Rs. 24,333/-

It was observed in audit that no expenditure out of the funds earmarked for the welfare of STs and SCs was incurred and no amount was transferred to the respective Corporations. As a result of non-utilisation and non-transfer of funds earmarked for the welfare of SCs and STs, the objective behind earmarking the funds has been defeated. Action may be taken to transfer the unspent amount to the respective corporations for utilisation by them.

(Para No. 6 of the Audit Report on the accounts of General Funds)

11.6.4 MANDAL PARISHAD – NARASARAOPET – GUNTUR DISTRICT.

As could be seen from the annual account for the year 2000-2001 of Mandal Parishad of Narsaraopet, Guntur District, an amount of Rs. 3,77,416/- was earmarked out of its general funds to be spent on schemes benefiting the SCs and STs at the rate of 15% and 6% respectively as per instructions issued in G.O. Ms. No. 447 PR &RD (Progs.III) Department, dated: 29-10-1998.

Out of the total earmarked funds of Rs. 13,04,024/- including opening balance, an amount of Rs. 1,62,878/- only was spent leaving a balance of Rs. 11,41,146/-. As could be verified from the Annual Accounts for the years 1997-98 to 2000-2001, no developmental activities were taken up for the benefit of SCs and STs though funds are available. Due to inactivity on the part of the Executive Authority over the years, the purpose of earmarking of the funds for the Welfare of SCs and STs is defeated. Persons belonging to SCs and STs residing in the Mandal Parishad area are deprived of the benefits due to them on account of inaction on the part of the Executive Authority.

Further as per the orders of Government issued in the GO Ms. No.535 P.R. & RD (Mandals-I) Department, dated: 02-11-1991 the unspent balance of Rs. 11,41,146/- was not made over to respective Corporation for utilisation.

Immediate action would need to be taken to make over the entire unspent balance to the respective Co-operative Finance Corporations and fact intimated to audit.

(Para No. 8 of Audit Report on the accounts of General Funds)

11.6.5 MANDAL PARISHAD – KARAMPUDI – GUNTUR DISTRICT.

15% EARMARKED FUNDS FOR WOMEN AND CHILD WELFARE – NOT UTILISED.

As per the orders of Government issued in G.O. Ms. No. 38 Woman Development & Child Welfare Department, dated: 29-05-1998 and G.O. Ms. No. 447 PR & RD (Prom. II) Department, dated: 29-10-1998, every Mandal Parishad shall earmark funds from out of its General Funds to be spent on the schemes benefiting the Women and Children at the rate of 15%.

Further in respect of the amount earmarked, 1/3rd of the amount should be made over to A.P. State Women Welfare Co-operative Finance Corporation, Hyderabad at the beginning of the year and the remaining 2/3rd amount shall be utilised by the Mandal Parishad for the benefit of Women & Children within the Mandal Parishad. The unspent balance at the end of the financial year, if any, out of the 2/3rd earmarked fund should be remitted to A.P. Women Welfare Co-operative Finance Corporation Ltd., Hyderabad.

But neither the 1/3rd share was made over to the said Corporation at the beginning of the year nor any amount out of the 2/3rd share was utilised in the Mandal Parishad. An amount of Rs. 92,686/- was earmarked during the year towards Women & Child Welfare Fund. Further an amount of Rs. 2,20,775/- including the opening balance which accumulated over the years was kept in General Funds without transferring it to Woman & Child Welfare Fund. The unspent balance was not remitted to the A.P. State Women Welfare Co-operative Finance Corporation at the end of the year. The earmarked funds for the purpose for the year under report thus worked out to Rs. 3,13,461/-

(Para No. 32 of the Audit Report on the accounts of General Funds)

11.6.6 MANDAL PARISHAD – TIRUPATHI – CHITTOOR DISTRICT.

ALLOCATION OF EARMARKED FUNDS FOR WELFARE ACTIVITIES – NOT FULLY UTILISED.

As seen from the annual account for 2000-2001 of Mandal Parishad, Tirupathi, Chittoor District a total sum of Rs. 7,34,389/- was earmarked towards 15% and 6% i.e. Welfare of SCs and STs respectively from the General Funds of the Mandal Parishad as shown below. The amounts spent during the year for the Welfare of SCs and STs are noted against each.

Sl. No.	Details	Amount earmarked Rs.	Amount spent Rs.	Balance Rs.
1	Welfare of SCs	5,24,564/-	1,59,307/-	3,65,257/-
2	Welfare of STs	2,09,825/-	-	2,09,825/-
	Total:	7,34,389/-	1,59,307/-	5,75,082/-

The amounts earmarked were not utilized fully. Neither 1/3rd share was made over to the respective Corporations at the beginning of the year nor the balance i.e. 2/3rd share unutilized was remitted to the concerned corporations at the end of the year.

(Para No. 9 of the Audit Report on the accounts of General Funds)

11.6.7 MANDAL PARISHAD – YADAMARRI – CHITTOOR DISTRICT.

As seen from the Annual Account for 2000-2001 of Mandal Parishad, Yadamarri, Chittoor District though a total sum of Rs. 90,700/- was earmarked under 15 % and 6% from the General Funds of the Mandal Parishad for the Welfare of SCs and STs, no amount was spent on schemes benefiting them during the year.

Further as per instructions of the Government 1/3rd amount from out of 15% and 6% earmarked funds shall be made over to the SC Co-operative Finance Corporation and ST Co-operative Finance Corporation respectively at the beginning of the year. This too has not been done and the balance at the end of the year out of the 2/3rd also should be made over to the respective Corporations. But no such transfers were effected.

(Para No. 6 of the Audit Report on the accounts of General Funds)

11.6.8. MANDAL PARISHAD – ADILABAD – ADILABAD DISTRICT.

AMOUNTS EARMARKED FOR WELFARE ACTIVITIES NOT UTILISED.

It was noticed that as per the orders of Government in G.O. Ms. No. 447 PR & RD (Prom. II) Department, dated: 29-10-1998, funds were earmarked out of the General Funds of the Mandal Parishad for the welfare of

SCs, STs and Women and Children as shown below. But neither the 1/3rd share was made over to the respective corporations at the beginning of the year nor the balance 2/3rd share was utilised by the Mandal Parishad.

Sl. No.	Head	Percentage fixed	Amount earmarked
	For the Welfare of		Rs.
1	Scheduled Castes	15%	71,978/-
2	Scheduled Tribes	6%	28,791/-
3	Women Development & Child Welfare	15%	71,978/-
		Total:	72,747/-

As the Mandal Parishad incurred no expenditure, the entire amount earmarked should have been transferred to the respective Finance Corporations at the end of the year. But it was not done.

(Para No. 8 of the Audit Report)

11.6.9 **MANDAL PARISHAD – KOTAPALLY – ADILABAD DISTRICT.**

EARMARKED FUNDS NOT UTILISED.

It was observed in audit that though the amounts were set apart for the welfare of the Weaker Sections in terms of Orders issued in G.O. Ms. No. 447 PR & RD (Prom. II) Department, dated: 29-10-1998 as shown below, no expenditure was incurred out of the said allocation.

Sl. No.	Head	Percentage fixed	Amount allocated
	For the Welfare of		Rs.
a.	Scheduled Castes	15%	30,978/-
b.	Scheduled Tribes	6%	12,391/-
c.	Women Development & Child Welfare	15%	30,978/-
		Total:	74,347/-

The unspent balance of Rs. 74,347/- at the end of the year was also not made over to the respective Finance Corporations.

(Para No. 8 of the Audit Report)

7. MISAPPROPRIATIONS

12.1 Cases of Misappropriation of moneys noticed in audit were pointed out in the Audit Reports.

12.2 A consolidated statement of Misappropriations noticed in audit is annexed vide **Statement No. 9 (7)**. A total number of **810** cases involving an amount of **Rs. 145.40 lakhs** were pointed out in the relevant Audit Reports.

12.3 To illustrate the various types of “Modus Operandi” a few of the cases pointed out are reproduced below.

12.4.1 MANDAL PARISHAD – NADENDLA – GUNTUR DISTRICT.

DRAWAL OF FUNDS WITHOUT IMMEDIATE REQUIREMENT-CASH KEPT ON HAND FOR A LONG TIME WITHOUT UTILISATION – FINALLY REFUNDED – TEMPORARY MISAPPROPRIATION – Rs. 25,000/-

It was noticed during the scrutiny of Petty cash book that an amount of Rs. 25,000/- was drawn through self-cheque on Vr. No. 47-B dated 25-04-2000 from general funds. But instead of utilizing the said amount for the purpose for which it was drawn, it was simply remitted back to general funds through Challan No. 323 dated 09-09-2000 i.e. after a lapse of more than five months. Drawal of amount without any immediate requirement and retention of huge money without any purpose for about 5 months is a clear case of temporary misappropriation. Hence penal interest @ 12.5% would need to be worked out for the period during which the cash was kept on hand, recovered from the person responsible and remitted to the Mandal Parishad Funds. Such irregularities should be avoided in future.

(Para No. 24 of the Audit Report)

12.5.1 GRAM PANCHAYAT – RUDRUR (N) – NIZAMABAD DISTRICT.

AMOUNT MISAPPROPRIATED BY ACCOUNTANT BY SHORT TOTALLING IN CASH BOOK – Rs. 19,065/-

It was noticed from the scrutiny of cash book that an amount of Rs. 19,065/- was misappropriated by way of striking short totals in the cash book on different dates as detailed below: -

Date	Amount
11-04-2000	300-00
05-07-2000	6,737,-00

04-09-2000	12,017-00
13-10-2000	10-00
25-10-2000	0-50
02-11-2000	0-50
Total	19,065-00

The above amount was not got remitted even subsequently. Early action would need to be taken to recover the amount of Rs19,065/- from the persons responsible.

(Para No. 17 of the Audit Report)

12.5.2 GRAM PANCHAYAT – PEDDAPALLY – KARIMNAGAR DISTRICT.

WRONG TOTALS STRUCK IN IRUSALNAMAS AMOUNT MISAPPROPRIATED BY BILL COLLECTORS – Rs. 4,734/-

As verified from the Irusalnamas of Bill Collectors, an aggregate amount of Rs. 4,734/- was short remitted by them by striking wrong totals in the Irusalnamas in the following months: -

Month & Year	Amount
January, 2001	Rs. 864/-
March, 2001	Rs. 50/-
April & July, 2001	Rs.3,820/-
Total:	Rs. 4,734/-

Immediate action would need to be taken to recover the amount of Rs. 4,734/- from the persons responsible.

(Para No. 17 of the Audit Report)

12.5.3 GRAM PANCHAYAT – JUKKAL(N) – NIZAMABAD DISTRICT.

HOUSE TAX COLLECTIONS SHORT ACCOUNTED IN CHITTA – AMOUNT MISAPPROPRIATED – Rs. 3,607-50.

As verified from the collection registers, an amount of Rs. 3,607-50 was short accounted for in Chitta and the same was misappropriated. Early action is called for for the recovery of the amount of Rs. 3,607-50 from the person responsible.

Date	Amount shown in R.R. Rs.	Chitta Page No. & date	Amount taken to Chitta from RR Rs.	Amount short taken Rs.
31-03-2001	8,272/-	142/31-3-01	4,664-50	3,607-50

(Para No. 11 of the Audit Report)

12.5.4 **GRAM PANCHAYAT – AILAPOOR – KARIMNAGAR DISTRICT.**

(a) **WRONG TOTALLING IN IRUSALNAMA MISAPPROPRIATION – Rs. 3,436/-**

A sum of Rs. 45,534/- was collected by the Bill Collectors as noted below. But due to wrong totalling the amount was arrived at as Rs.42,098/- and thus Rs. 3,436/- was misappropriated.

Sl. No.	Irusalnama Regn Page No.	Irusalnam a No.	Actual Total Rs.	Irusalnam a Page total Rs.	Shortage Rs.
1	13 & 15	4	22,365/-	20,365/-	2,000/-
2	17	5	11,775/-	11,575/-	200/-
3	19	6	11,394/-	10,158/-	1,236/-
		Total:	45,534/-	42,098/-	3,436/-

The amount of Rs. 3,436/- misappropriated needs to be recovered from the persons responsible and credited to Gram Panchayat Funds.

(Para No. 20 of the Audit Report)

(b) **COLLECTION OF HOUSE TAX – NOT REMITTED – MISAPPROPRIATED – Rs.1,917/-**

As verified from the Irusalnama and Receipt Books an amount of Rs. 1,917/- which was collected through Receipt No. 95 dated: 08-08-2000 in Receipt Book No. 1 towards House Tax was not taken into Irusalnama and remitted to Gram Panchayat Funds. It is thus misappropriated and would therefore need to be recovered from the persons responsible.

(Para No. 18 of the Audit Report)

12.5.5 GRAM PANCHAYAT – MYDIVARTHI – VIDAVALUR MANDAL – NELLORE DISTRICT.

COLLECTION OF TAP CONNECTION DONATIONS NOT REMITTED TO GRAM PANCHAYAT FUNDS – AMOUNT – MISAPPROPRIATED – Rs. 3,025/-

It was noticed during verification of money receipts that an amount of Rs. 3,025/- collected on 20-03-2001 from public towards Tap Donations was not remitted to Gram Panchayat Funds. It is thus a clear case of misappropriation. Immediate action is called for for recovery of the said amount from the persons responsible.

(Para No 13 of the Audit Report)

12.5.6 GRAM PANCHAYAT – INDURTHY – WARANGAL DISTRICT.

AMOUNT COLLECTED BY BILL COLLECTOR NOT ACCOUNTED FOR IN CASH BOOKS – MISAPPROPRIATED – Rs. 1,269-50

As verified from the Irusalnama of Sri G.Krishna Rao, Bill Collector an amount of Rs. 1,269-50 collected on 02-03-2001 towards Tax was not deposited in Gram Panchayat Funds. This is a clear case of misappropriation. Early action would need to be taken to recover the said amount of Rs. 1,269-50 from the persons responsible.

(Para No. 13 of the Audit Report)

12.5.7 GRAM PANCHAYAT – NALLAPADU – GUNTUR DISTRICT.

AMOUNT DRAWN FROM THE TREASURY – NOT ACCOUNTED FOR IN THE BOOKS OF GRAM PANCHAYAT – MISAPPROPRIATION – Rs. 15,94,661/-

It was observed in audit of the accounts of the Gram Panchayat for the year 1999-2000 the Sarpanch Sri Lakki Reddy Venkateswara Reddy had drawn an aggregate amount of Rs. 15,94,661/- (Rupees fifteen lakhs ninety four thousand six hundred sixty one only) from the Sub Treasury on different dates on self cheques as shown below. But the

same was not accounted for in the books of the Gram Panchayat. Expenditure particulars for the amount drawn were also not recorded in the cash book. No explanation for the non-accounting for of such huge amount was also offered to audit. In the circumstances stated above, it is construed that the amount of Rs. 15,94,661/- drawn from the Gram Panchayat funds by the Sarpanch was misappropriated.

Sl. No.	Cheque No.	Date of Drawal	Amount Drawn
1	408218	22-02-2000	Rs. 3,60,432/-
2	408220	23-02-2000	Rs. 4,42,265/-
3	408221	24-02-2000	Rs. 1,48,374/-
4	408222	25-02-2000	Rs. 1,75,635/-
5	408223	28-02-2000	Rs. 2,30,742/-
6	408224	29-02-2000	Rs. 2,37,213/-
		Total:	Rs. 15,94,661/-

8. WASTEFUL EXPENDITURE

13.1 The cannons of financial propriety envisaged in Andhra Pradesh Financial Code are sacrosanct for all Government Authorities entrusted with authorising or incurring of expenditure from public funds. They are expected under Article 3 to exercise the same diligence and care in expending public money under their control as persons of ordinary prudence would exercise in respect of their own money. Government have issued instructions through various orders and also incorporated in the statutes of local bodies the various items on which public money can be expended and the principles to be adhered to while expending on such items. Yet, it was noticed in audit that the funds of Panchayat Raj bodies were several times incurred without adhering to the laid down principles leading to wasteful expenditure of public money. All the cases of such wasteful expenditure observed in the audit of Panchayat Raj bodies for the year 2002-03 were expenditures that were avoidable, extraordinary and lacked proper planning.

13.2 Consolidated Statement of Wasteful Expenditure incurred is annexed to the Report **Statement No. 9 (8)** from which it could be seen that an amount of **Rs. 615.93** was pointed out as Wasteful Expenditure.

13.3 Some such cases pointed out in Audit Reports classified according to their nature of wastage are illustrated here under.

13.4.1 ZILLA PARISHAD – MEDAK – DISTRICT.

EXECUTIVE ENGINEER (RWS) – SADASIVAPET – MEDAK DISTRICT.

EXPENDITURE INCURRED ON BOREWELLS THAT HAVE FAILED – WASTEFUL EXPENDITURE – Rs. 1,45,260/-

An aggregate amount of Rs. 1,45,260/- was drawn and paid to the borewell contractors towards digging of borewells. The points for the borewells were suggested by the Geologist. But as verified from the Vouchers, Measurements Books and relevant files, the borewells dug had failed and there was no yield of water. Thus the expenditure incurred on the drilling charges, casing pipes and coupling charges paid to the contractors had become wasteful. It needs to be investigated whether adequate precautionary steps were taken in selecting the points for borewells and reasons for failure of the points selected and to fix up the responsibility in case of slackness in taking adequate precautionary steps.

(Para No. 44 of the Audit Report on the accounts of Executive Engineer, RWS)

13.4.2 ZILLA PARISHAD – SRIKAKULAM DISTRICT.

EXECUTIVE ENGINEER (RWS) – PALASA – SRIKAKULAM DISTRICT.

DRILLING OF BOREWELLS AT VANA VISHNUPURAM VILLAGE-BORE WELLS WENT DRY – WASTEFUL EXPENDITURE – Rs. 21,737/-

a) An amount of Rs. 21,737/- has been drawn on Vr. No. 3065/3-2001 and paid to Shirdi Sai Bore Wells, Narasannapeta towards drilling of bore well at Vanavishnupuram village. According to the measurements recorded at page 28 of the Measurement Book No. 287-A, it was noticed that the borewell was drilled to an extent of 35.60 Mts depth and casing pipe inserted to a length of 35.60 Mts. But it was recorded in the Measurement Book that no water has been tapped in the borewell and certified as a dry bore. Hence the expenditure incurred in drilling the borewell was wasteful expenditure. Therefore, the entire amount spent is wasteful expenditure and would therefore need to be made good from the person or persons responsible and fact reported to audit.

b) As verified from the measurements recorded in the Measurement Book and payments made to the firm it was noticed that the contractor was paid an amount of Rs. 14,418/- towards cost of 35.60 Mts. casing pipe at Rs. 405/- per meter. But the Geologist recommended to insert M.S. casing pipe to a length of 23 Mts. Only. But against the recommendations of the Geologist, M.S. casing pipe of 12.60 Mts has been inserted in excess. The excess insertion of the casing pipe costing Rs. 5,103/- (12.60 x 405) would therefore need to be made good from the person or persons responsible and the fact reported to audit.

[Para No. 20 of the Audit Report on the accounts of Executive Engineer (RWS)]

13.5.1 MANDAL PARISHAD – KORUKONDA – EAST GODAVARI DISTRICT

PUBLICATION CHARGES PAID TO DIFFERENT NEWS PAPERS – WASTEFUL EXPENDITURE – Rs. 38,310/-

The following amounts were drawn and paid from General Funds of the Mandal Parishad towards publication charges of various types of information pertaining to the Mandal Parishad in various news papers.

Sl. No.	Vr. No & Date	Particulars	Amount paid
1	133/ 07-09-2000	Paid to Manager (Advt.) Vaartha-News Paper, Hyderabad for publication of various Developmental activities in the Mandal Parishad.	Rs. 6,000/-
2	158/ 17-10-2000	Paid to Manager(Advt.) Andhra Jyothi, Vijayawada towards publication of Millenium greetings of Mandal Parishad	Rs. 6,310/-
3	219/ 22-12-2000	Paid to Editor, Praja Shakti towards Advertisement charges	Rs.16,000/-
4	238/ 02-01-2001	Paid to Editor/Publishers towards publication of greetings and advertisement on temples	Rs.10,000/-
		Total:	Rs. 38,310/-

As the expenditure incurred is neither incidental to administration nor beneficial to the Mandal Parishad, it is a wasteful expenditure.

(Para No. 19 of the Audit Report on the accounts of General Fund)

13.5.2 MANDAL PARISHAD – MOTHKUR – NALGONDA DISTRICT.

PAYMENT OF ADVERTISEMENT CHARGES TO CONGRATULATE THE NEW CHAIRMAN, AGRICULTURAL MARKET COMMITTEE ON THE EVE OF SWEARING – IN CEREMONY – WASTEFUL EXPENDITURE – Rs. 2,400/-

An amount of Rs. 2,400/- was drawn on Vr. No. 154 / 18-09-2000 from the General Funds towards advertisement charges in Vaartha, Telugu daily news paper to publish the congratulatory message to the newly elected Chairman of the Agricultural Market Committee by the MPTCs and staff of the Mandal Parishad.

As there is no provision in the A.P. Panchayat Raj Act to incur such expenditure, the expenditure is irregular and unauthorized. Further it is wasteful expenditure as it is neither incidental to administration nor beneficial to the public in the Mandal Parishad area.

(Para No. 4(1) of the Audit Report on the accounts of General Funds)

13.5.3 MANDAL PARISHAD – CHINTALAPUDI – WEST GODAVARI DISTRICT.

PUBLICATION OF DEPARTMENTAL ACTIVITIES – ADVERTISEMENT CHARGES – NOT ADMISSIBLE – EXCESS PAID – Rs. 29,625/-

A total sum of Rs. 29,625/- was incurred towards publication charges of departmental activities through daily and fortnightly news papers as detailed below.

Vr. No.	Particulars	Amount paid Rs.
21 / 04-2000	Publication charges of developmental activities paid to Andhra Prabha Publications.	9,625/-
51 / 05-2000	Publication charges paid to Editor Paksham (Paksha Patrika) Eluru.	20,000/-
	Total:	29,625/-

The authority and purpose of incurring of the expenditure on publication of activities of the Mandal Parishad were not pointed out. In the absence of the same the expenditure is an extraordinary one and can be termed as wasteful expenditure.

(Para No. 13 of the Audit Report)

9. EXCESS PAYMENTS

14.1 *It was observed in audit that in several cases excess payments were made due to either*

- (i) Incorrect calculations or*
- (j) Excess totaling in Bills or*
- (k) Admission of inadmissible claims or*
- (l) Lack of knowledge of government instructions.*

14.2 *Consolidated statement of Excess payments [Statement No. 9 (9)] is appended to the Report. The excess payments were pointed out in 17128 Audit paras of Rs. 4600.14 lakhs.*

A few cases of Excess Payments are mentioned below.

14.3.1 ZILLA PARISHAD – NIZAMABAD DISTRICT.

EXECUTION OF WORK AMOUNT PAID – WITHOUT EFFECTING STATUTORY RECOVERIES – EXCESS PAID – Rs. 5,841/-

The work "Special repairs to Zilla Parishad School Building, Bhiknor" was entrusted to Sri.K.V.Subba Rao, on nomination basis with an estimated value of Rs. 50,000/-. As verified from the bill and abstract as recorded at page No.6 of M.B.No.1 2000(B), the total value of work was arrived @ Rs.50,000/- including P.S. Charges, T & P charges, Income Tax, EMD,FSD, and Seigniorage charges of Rs.5,841/-. But while making payment to the contractor vide Vr.No.96/06-2000 on 1st and part bill the recoveries of Rs. 5,841/- were not effected from the total value of the work done i.e., Rs. 36,665/. Due to non-effecting the recoveries of Rs. 5,841/- from the work bill, a sum of Rs. 5,841/- was excess paid for the execution of work and loss caused to the Government Funds and also to the institution.

The second and final bill was also paid for Rs. 13,144/- on 05-03-2001 vide cheque No. 238980. But the recoveries were not effected. Thus the excess payment made without effecting the following recoveries needs to be made good to the Engineering funds of Zilla Parishad.

Recoveries that should have been effected:	
<i>P.S. Charges</i>	<i>Rs. 1,905/-</i>
<i>T & P Charges</i>	<i>Rs. 476/-</i>
<i>Income Tax</i>	<i>Rs. 952/-</i>
<i>Sales Tax</i>	<i>Rs. 952/-</i>
<i>F.S.D.</i>	<i>Rs. 1,250/-</i>
<i>Seigniorage charges</i>	<i>Rs. 306/-</i>
Total:	Rs. 5,841/-

(Para No.11 of the Audit Report on the accounts of Executive Engineer)

14.3.2 ZILLA PARISHAD – KRISHNA DISTRICT.

SEIGNIORAGE CHARGES NOT DEDUCTED IN THE WORK BILL – CONSEQUENTIAL EXCESS PAYMENT TO THE CONTRACTOR – Rs. 54,429/-

As verified from the M. Book, the work “Construction of Bridge at Nimmakur on Bandar Canal and Eastern Canal” was entrusted to M/s Sri Harsha Constructions, Hyderabad. During the course of preparation of bill, the seigniorage charges as recorded at Page Nos. 21,56,43,55 of Measurement Book No.60A/98-99 and Page No. 55 of M.B.No.32-A/98-99 amounting to Rs. 54,429/- were not deducted in the CC V and Final Bill of the contractor paid on Vr.No.635/10-2000. Seigniorage charges have to be deducted from the work bill and remitted to the Government account as required under Rule 26 (2) of A.P. Mining & Mineral Cess Rules 1996. But due to non-recovery of the seigniorage charges of Rs. 54,429/- the amount to be remitted to Government account was paid to the contractor. Thus a loss of Rs.54,429/- was caused to Government. The amount excess paid to the contractor with penalty of 5 times of the amount of such loss needs recovery from the person responsible and remitted to government account as per G.O.Ms.No.6 (RT) of R & B (B-III) Dept. dt 12-01-96.

(Para No.15 of the Audit Report)

14.3.3 ZILLA PARISHAD – KADAPA DISTRICT.

EXECUTION OF WORK-EXCESS PAYMENT DUE TO ADOPTION OF EXCESS RATE – Rs. 13,490/-

The work “Providing RWS Scheme to Perumallapalli at Kamanepalli” was entrusted to Sri. M.L. Bhasker Reddy contractor at an estimated value of Rs. 3.00 lakhs. A sum of Rs. 2,54,590/- was paid towards execution of the work in Ist and part bill vide Voucher No.1143/12-09-2000.

As seen from the M.B.No.24113, the estimate rate of 90 mm PVC pipes was Rs.147.40. But while making payment, the rate adopted was

Rs.154.76 erroneously. The reasons for adoption of rate other than the estimate were not explained. Consequent on adoption of higher rate than the estimate rate, a sum of Rs.13,490/- was excess paid to the contractor and sustained loss to the Zilla Parishad Engineering Funds.

(Para No.19 of the Audit Report on the accounts of Engineering Funds)

14.3.4 **ZILLA PARISHAD – WEST GODAVARI DISTRICT.**

EXECUTION OF WORK-HIGHER RATE ADOPTED OTHER THAN THE ESTIMATED RATE – EXCESS PAID – Rs. 16,332/-

The work “Additional accommodation to Zilla Parishad High School Building at Sanivarapupeta” was entrusted to Sri.B.Ramagopala Rao Chairman of the committee, on nomination basis, and after execution of the work, a sum of Rs.18,499/- was paid as CCIII and final bill in Voucher No.275/9/2000 to the contractor.

As verified from the original estimate under item RCC (1:2:4) the rate was Rs.2,934/- per 10 square meters and the same rate recorded in M.B.No.4A/Zilla Parishad/98-99 at Page No.62, but in the working estimate prepared, the rate adopted was Rs.3,494.30 per 10 square meters, and the bill was prepared as per the excess rate instead of estimate rate as detailed below.

As per working estimate : $3,494.30 \times 226.32 \text{Sq.M} \div 10 = \text{Rs. } 79,083/-$

As per Estimate : $2,934.00 \times 226.32 \text{Sq.M} \div 10 = \text{Rs. } 66,402/-$

Excess amount billed = Rs. 12,681/-

The reasons if any for adoption of higher rate than the original estimate rate were not explained in audit. As the work was entrusted on nomination basis the rates for all the items of work should be estimated rates only. A sum of Rs.12,681/- was excess paid from Zilla Parishad Engineering funds which needs recovery from the person/persons responsible. It was also noticed that Sales Tax was short recovered from the contractor’s bill to the extent of Rs.3,651/-. Instead of recovering Sales Tax at 4% as required under Section 54 of the APGST Act 1967 as amended of Rs.14,604/- an amount of Rs.10,953/- only was recovered resulting in loss to Government. Such loss should be made good from the person/ persons responsible.

(Para No.19 of the Audit report on the accounts of Engineering funds)

14.3.5 **ZILLA PARISHAD – CHITTOOR DISTRICT.**

IRREGULAR DRAWAL OF INCREMENT EXCESS PAYMENT – Rs. 8,389/-

Sri M.Umapathi Naidu, B.Ed Assistant, Zilla Parishad High School, Narasingarayapeta was allowed one increment in the existing scale after completion of 24 years in the cadre of B.Ed Assistant with effect from 08-09-1999 raising his pay from Rs. 9,600/- to Rs. 9,900/- in the scale of Rs. 5980-12100 vide proceedings Rc. No. 5/5704/99/D2 Dated 30-11-1999 of the Parishad Educational Officer, Zilla Parishad, Chittoor. His next normal increment was released from 01-01-2000 raising his pay from Rs. 9,900/- to Rs. 10,250/-

According to GO (P) No. 290 Finance & Planning Department, dated: 22-07-1993 in respect of employees whose date of normal increment is different from the date of completion of 24 years of service, the next increment shall accrue after completion of one year of service from the date of drawal of increment allowed on completion of 24 years of service. The individual completed 24 years of service on 08-09-1999. Therefore, the individual is eligible for sanction of increment after completion of one-year service from 08-09-1999, which will be due on 01-09-2000 only. Hence the release of increment w.e.f. 01-01-2000 is contrary to Government instructions. Therefore the pay of the individual should be regulated revising the orders issued releasing the increment w.e.f. 01-01-2000.

Consequent on irregular drawal of increment with effect from 01-01-2000 in stead of 01-09-2000, the excess amount paid to the individual needs recovery.

(Para No. 8 of the Audit Report on the accounts of Parishad Education Funds)

14.3.6 ZILLA PARISHAD – ANANTHAPUR DISTRICT.

EXECUTION OF WORK PROVIDING ADDITIONAL ACCOMMODATION TO ZILLA PARISHAD HIGH SCHOOL – EXCESS PAYMENT – Rs. 44,538/-

The work “providing additional accommodation to Zilla Parishad High School” was entrusted to Sri K. Narayana Swamy, Contractor. As verified from the M. Book No. 218/99 APR the calculations under certain items of work were not done correctly as detailed below.

(i) MEASUREMENT OF STEEL USED FOR MAKING GRILLS:

MEASUREMENT QUANTITY					
6 mm	8 mm	10 mm	12 mm	16 mm	Total
474.65 x 0.25 = 118.66kgs	404 x 0.39 = 157.56 Kgs	468 x 0.62 = 290.16 Kgs.	788.80 x 0.89 = 702.03 kgs	130 x 1.58 = 205.40 kgs	1473.57 Kgs
Steel actually utilised: 1465.57 Kgs					
Utilisation shown: 1705.57 Kgs					

Excess: 231.76 Kgs
Amount paid for excess quantity of steel: 240 Kgs x Rs. 15.45= Rs.3,581/-
Fabrication charges: 231.76 Kgs. X Rs. 3.60 = Rs. 834/-

(ii) **BRICK MASONRY (1:8)**

As recorded at Page Nos. 17 and 18 of Measurement Book No. 218/99 under item Brick masonry in cm (1:8) including cost and conveyance charges, the total quantity of work executed was 20.38 cu. m. But the quantity was wrongly adopted as 53.22 cu.m and thus excess quantity was arrived at 32.84 cu.m

Due to wrong adoption of the quantity executed excess payment was made against the admissibility as shown below.

Brick masonry quantity billed	20.38 cu.m x Rs. 1217 =	Rs. 64,769/-
Brick masonry actual quantity executed to have been billed	53.22 cu.m x Rs. 1217 =	Rs. 24,802/-
Excess paid		Rs. 39,967/-
Add amount paid excess for making Grills including fabrication charges		Rs. 4,572/-
	Total:	Rs. 44,539/-

Consequent on wrong adoption of quantity executed against the actual execution, a sum of Rs. 44,539/- was excess paid to the contractor, which needs recovery.

(Para No. 14 of Audit Report)

14.3.7 **ZILLA PARISHAD – MEDAK DISTRICT.**

SANCTION OF SURRENDER LEAVE FOR 30 DAYS WITHIN A PERIOD OF 12 MONTHS – NOT ADMISSIBLE – Rs. 6,220/-

Sri. A. Chandra Reddy, Head Master, Zilla Parishad High School, Chittapuram was sanctioned surrender of earned leave for 30 days during the financial year 2000-01 on 01-11-2000 and leave salary of Rs.12,440/- was drawn and paid to the individual. As verified from the service register, the

individual availed surrender leave for 15 days during the financial year 1999-2000 for which cash value of Rs. 5,713/- was drawn and paid to him.

According to G.O. Ms. No. 221 Finance & Planning, Department, dated: 23-08-1974, read with G.O. Ms. No. 316 Finance & Planning Department, dated: 31-12-1975, all regular Government servants are eligible to surrender 30/15 days earned leave with an interval of 24/12 months. As the individual encashed 15 days of earned leave during the financial year 1999-2000, he is eligible to encash 15 days of earned leave during the financial year 2000-01.

Consequent on irregular permission to encash 30 days of earned leave instead of 15 days, a sum of Rs. 6,220/- was excess paid to the individual which should be recovered and credited to the Zilla Parishad Education funds and his earned leave account be recasted.

(Para No.14 of Audit Report of the accounts of Parishad Education Funds)

14.3.8 ZILLA PARISHAD – GUNTUR DISTRICT.

EXECUTION OF WORK-HIRE CHARGES OF POWER ROAD ROLLER – NOT RECOVERED FROM THE BILL - EXCESS PAYMENT – Rs. 3,035/-

As verified from the M. Book No.559-A/97-98 it was recorded at page No.51, that the departmental power Road Roller was utilised for 2 days on the work “Construction of additional accommodation to Z.P. High School at Nutakki” and the hire charges amounting to Rs.3,035/- are to be recovered from the work bill. But while making payment of part and even final bill, in V.No.477/9/2000, the hire charges of power Road Roller were not recovered from the contractor.

Due to payment of work bills without deducting the hire charges from the final bill, a sum of Rs. 3,035/- was excess paid to the contractor, which needs recovery from him.

(Para No.30 of the Audit Report on the accounts of Engineering Funds)

14.3.9 ZILLA PARISHAD – PRAKASAM DISTRICT.

EXECUTION OF WORK: Ist AND PART BILL AMOUNT NOT DEDUCTED FROM FINAL BILL – CONSEQUENTIAL EXCESS PAYMENT – Rs. 86,408/-

The work “Gravelling the road from M.C. road to Ravoar in Gudur Mandal” was entrusted to Sri. V. Tirupataiah, contractor with an estimated value of Rs. 3,00,000/-.As verified from the M. Book No.5111/A/98, final bill was prepared for Rs. 3,00,000/- and passed for payment of Rs.3,00,000/- in V.No.518/8/2000 as C.C.II and final bill.

On verification of the M. Book, it was noticed that a sum of Rs. 86,408/- was already paid as 1st and part bill in Vr.No.2295/12/99, which was not deducted from the final bill.

Consequent on such omission excess amount of Rs. 86,408/- paid to the contractor needs recovery from the person /persons responsible.

(Para No. 65 of the Audit Report on the accounts of Executive Engineer (P.R.) Kandukur)

14.4.1 MANDAL PARISHAD – VEERAVASARAM – WEST GODAVARI DISTRICT.

(a) **ESTABLISHMENT – ELEMENTARY EDUCATION – SANCTION OF ADDITIONAL INCREMENTS FOR HIGHER QUALIFICATIONS – NOT ADMISSIBLE.**

As verified from the Vouchers, 38 teachers were allowed additional increments for possessing of higher qualification in RSP, 1999 vide Proceedings Rc. No: A3/217/2000, dated: 16-08-2000 of the Mandal Educational Officer, Mandal Parishad, Veeravasaram and arrears amounting to Rs. 74, 452/- were drawn from 1999 to 8/2000. As seen from the service registers, the individuals were appointed on stipendiary basis during the year 1997, and placed on regular scale of Rs. 3,750 - 7,650 in Revised Scales of Pay, 1999, after completion of two years of stipendiary service. After they were placed on regular scale of Rs.3,750 - 7,650 in Revised Scales of Pay, 1999, the individuals were sanctioned additional increments for possessing higher qualification @ Rs.50/- in pre revised scales of 1993.

When the individuals are placed on regular scale of pay in RSP, 1999 which was introduced with effect from 01-07-1998, sanction of additional increment for higher qualification in RSP, 1993 is contrary to Government orders. As such, they are not entitled for additional increment for acquiring higher qualification either in RSP, 1993 or 1999.

Consequent on irregular sanction of additional increment, a sum of Rs. 74, 452/- was excess paid to these teachers and needs recovery from them while regulating their pay suitably.

(Para No: 21 of Audit Report on the accounts of Elementary Education Funds)

(b) **MANDAL PARISHAD – RECHERLA – PRAKASAM DISTRICT.**

An aggregate amount of Rs. 83,681/- was drawn and paid to the following teachers towards additional increments for having additional qualifications as detailed below vide proceedings Roc No: B/49/99 dated: 07-04-1999 and Revised Proceedings Rc. No: B/172/99 dated: 11-10-99 of Mandal Educational Officer, Mandal Parishad, Recherla. But the individuals were appointed as apprentice teachers on consolidated pay in 12/96. They are eligible regular time scale after completion of two years i.e., 12/98 onwards. The Pay Revision Commission in RPS 1999 did not recommend any additional increments for higher qualifications and the Government also did not issue any orders on sanction of additional increments for possessing higher qualifications in RSP 1999. But, additional increments for possessing higher qualifications were sanctioned to the following teachers in RSP 1999, which is irregular. The excess payments already made would need to be recovered from the persons responsible as detailed below apart from regulating their pay suitably.

Sl. No.	Name of the Teacher Sri	Period	Amount Rs.
1.	P. Pullaiah, HM, MPES, Gudimetla.	From 2-12-98 to 12/2001	7, 394/-
2.	B.R.K.Murthy, MPES, Challavudi	From 2-12-98 to 12/2001	7, 394/-
3.	M. Ankaiah, MPES, Somidevipalli	From 2-12-98 to 12/2001	7, 394/-
4.	L. Narasimha Rao, MPES, Akaveedu	From 2-12-98 to 12/2001	7, 394/-
5.	P.Y. Krishna Raju, MPES, Polakaveedu	From 2-12-98 to 12/2001	7, 394/-
6.	D. Peraiah, MPES, Gudimitla	From 2-12-98 to 12/2001	7, 394/-
7.	S. Panduranga Rao, MPES, Poluguntapalli	From 2-12-98 to 12/2001	7, 394/-
8.	S.S. Srinivasulu, MPES,	From 2-12-98 to	7, 394/-

	<i>Anumalaveedu</i>		<i>12/2001</i>	
9.	<i>S. Srinivasulu, MPES, J.P.Chervu</i>		<i>From 16-12-98 to 12/2001</i>	<i>7, 303/-</i>
10.	<i>K. Eswaraiah, MPES, Ramapuram</i>		<i>From 2-12-98 to 12/2001</i>	<i>11, 090/-</i>
11.	<i>A. Pullaiah, MPES, Gudimitlai</i>		<i>From 2-12-98 to 12/2001</i>	<i>2, 465/-</i>
12.	<i>K.V. Raghavendra, MPES, Racherla</i>		<i>From 10-12-98 to 12/2001</i>	<i>3, 671/-</i>
			Total:	83, 681/-

(Para No 22 of Audit Report on the accounts of Elementary Education Funds)

(c) **MANDAL PARISHAD – YEMMIGANUR – KURNOOL DISTRICT.**

During the course of audit of the accounts of Elementary Education Funds of Yemmiganur Mandal Parishad, it is noticed that certain teachers were sanctioned additional increments after 01-07-1998 by the Mandal Educational Officer, during the year 2000-2001 under report.

The additional increments for higher qualifications are not admissible. Sanction of such additional increments is contrary to the instructions issued by the Government. Hence the excess amount drawn and paid to the teachers as shown below would need to be recovered and the fact intimated to audit and also the pay of the teachers needs revision to stop further excess payments.

Sl. No.	Name of the Teacher Sri / Smt	Nature of Qualification	Date	Amount Rs.	Excess Amount Rs.
1.	<i>D. Basanna, S.G.</i>	<i>B.A, B.Ed</i>	<i>1-1-99 to 31-3-2001 (27months)</i>	<i>100+100</i>	<i>5,400/-</i>
2.	<i>E. Ramanja-neyulu, S.G.</i>	<i>B.A, B.Ed</i>	<i>1-1-99 to 31-3-2001 (27months)</i>	<i>100+100</i>	<i>5,400/-</i>
3.	<i>N. Mohan, S.G. Asst.</i>	<i>B.A, B.Ed, M.A</i>	<i>1-1-99 to 31-3-2001 (27months)</i>	<i>100+100+100</i>	<i>8,100/-</i>

4.	B. Sarala Devi,	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
5.	V. Nirmala	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
6.	A. Naga Raju	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
7.	S. Anjanaiah	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	50+50	2,700/-
8.	B. Lilly Siromani	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
9.	G. Lakshmana, S.G.	B.Sc, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
10.	K. Lakshmi narayana	B.Com,B.Ed, M.A	1-1-99 to 31-3-2001 (27months)	100+100+ 100	8,100/-
11.	K.R.Sridhara Reddy	B.A, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
12.	B.G.Madanna	B.Sc, B.Ed	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
13.	S. Deva sahayam	B.A, M.A	1-1-99 to 31-3-2001 (27months)	100+100	5,400/-
				Total:	72,900/-

(Para No: 17 Of Audit Report on the accounts of Elementary Education Funds)

**14.4.2 JEEP HIRE CHARGES – EXCESS DRAWN AGAINST THE
ADMISSIBILITY – Rs. 19,625/-**

(a) **MANDAL PARISHAD – CHEEMAKURTHY – PRAKASAM DISTRICT.**

A total sum of Rs. 37,500/- was paid towards Jeep hire charges for 5 days per month. As verified from the Vouchers, the hire charges were paid at Rs. 500 / Rs. 600 per day.

As per the instructions issued in G.O. Rt. No: 341 Fin & Plg Department dated: 04-03-1996, hire charges for Jeep have to be paid @ Rs. 275/- per a day in a month amounting to Rs. 1,375/- per month.

But contrary to Government orders, hire charges @ Rs. 500 / Rs.600 per a day were paid for the period from 3/2000 to 3/2001 and a total sum of Rs. 37,500/- was drawn towards Jeep hire charges. Consequent on irregular drawal of Jeep hire charges, a sum of Rs. 19,625/- was excess paid from the Mandal Parishad Funds as shown below, which needs recovery from the person or persons responsible.

(Para No: 10 of Audit Report on General Funds)

(b) **MANDAL PARISHAD – MARRIPUDI – NELLORE DISTRICT – Rs. 5,000/-**

A total sum of Rs. 16,000/- was paid towards Jeep hire charges during the months from 5/2000 to 12/2000 @ Rs. 2,000/- per month by the Mandal Parishad, Marripadu, as shown below.

Vr. No.	Month	Amount Spent Rs.	Admissible Expenditure Rs.	Excess Expenditure Rs.
12-08-2000	05/2000	2,000/-	1,375/-	625/-
15-08-2000	06/2000	2,000/-	1,375/-	625/-
34-11-2000	07/2000	2,000/-	1,375/-	625/-
37-12-2000	08/2000	2,000/-	1,375/-	625/-
40-12-2000	09/2000	2,000/-	1,375/-	625/-
43-12-2000	10/2000	2,000/-	1,375/-	625/-
51-01-2001	11/2000	2,000/-	1,375/-	625/-
52-01-2001	12/2000	2,000/-	1,375/-	625/-
			Total:	5,000/-

The excess expenditure of Rs. 5,000/- incurred needs to be recovered from the person or persons responsible or should be ratified by Government.

(Para No: 14 of the Audit Report on the accounts of General Funds)

14.4.3 MANDAL PARISHAD – TOTTAMBEDU – CHITTOOR DISTRICT.

DISTRICT IRREGULAR ADOPTION OF RATES – CONSEQUENTIAL EXCESS PAYMENT – Rs. 9,921/-

A sum of Rs. 17,938/- was drawn and paid to the contractor in Voucher No: 302/3/2001, towards execution of work "Improvement of Road from Chodavaram village to Harijana Wada". As verified from the work bill with reference to agreement, rate agreed under item "Rough stone dry packing" with 225 mm sets and pitching including cost, conveyance and labour charges was Rs.139/- per cu m whereas the billing was done @ Rs. 311/- per cu. M.

Amount Admissible for 57.68 cu.m x @ 139.00 = Rs. 8, 017.00

Amount Paid 57.68 cu.m x @ 311.00 = Rs. 17, 938.00

Excess paid = Rs. 9, 921.00

The reasons for adopting higher rate against the agreement rate were not explained to audit. Consequent on adoption of higher rate, a sum of Rs. 9,921/- was excess paid to the contractor and there by, loss caused to the Mandal Parishad Funds which needs recovery from the person or persons responsible.

(Para No: 9 of Audit Report on the accounts of General Funds)

14.4.4 MANDAL PARISHAD – GHANAPUR (MULUGU) – WARANGAL DISTRICT.

HEAVY AMOUNTS INCURRED ON JEEP HIRE CHARGERS – IRREGULAR
– Rs. 52,993/-

An amount of Rs. 52,993/- was drawn from General Funds on the following vouchers and paid to the Mandal Parishad Developmental Officer towards expenditure on Hire charges of vehicle engaged to visit the various villages in Ghanpur (Mulugu) Mandal jurisdiction.

As per the instructions issued in G.O. Rt. No. 341 dated 4-3-96, the hire charges should not exceed the rate of Rs. 275/- per day and diesel per day @ Rs. 200/- only. The Jeep can be utilised 5 days only in a month. But the Mandal Parishad Development Officer, Ghanpur (Mulugu) had paid lumpsum amounts as shown below towards hire charges of the Jeep which was engaged for more than 5 days in a month. As per section 66(3) and 56 of Motor Vehicles Act, the vehicle covered by permit and R.C. only can be hired otherwise it amounts to violation of the provisions of the Act. The permit No. and RC was not forthcoming for verification in audit. As such, the entire amount would need to be recovered from the person or persons responsible and credited to concerned funds under intimation to audit.

Vr. No. / Date	Amount Rs.	To whom paid	Vehicle No.	Acq. P. No.
26 / 21-09-2000	1,300/-	Sri B. Sambaiah	AP 36 123	25
31 / 21-09-2000	7,000/-	Sri B. Sambaiah	AP 36 123	26
75 / 12-12-2000	8,943/-	Sri M.A. Rehman	AP 36 123	40
24 / 11-8-2000	3,100/-	M.A. Rub, Senior Assistant	AP 36 123	22
23 / 11-08- 2000	3,150/-	M.A. Rub, Senior Assistant	Receipt not enclosed	22
5 / 28-06-2000	3,000/-	M.A. Rub, Senior Assistant	B. Sambaiah	12
6 / 28-06-2000	3,000/-	M.A. Rub, Senior Assistant	-	12
7 / 28-06-2000	3,250/-	M.A. Rub, Senior Assistant	-	12

52 / 03-11-2000	7,000/-	M. Sambaiah	4820 Anwar	34
53 / 03-11-2000	6,450/-	Anwar	-	34
90 / 15-01-2001	3,250/-	M.A. Rehman	Receipt not enclosed	43
91 / 15-01-2001	3,250/-	M.A. Rehman	Receipt not enclosed	43
Total:	52,993/-			

(Para No. 23 of the Audit Report)

14.4.5 MANDAL PARISHAD – KOYYALAGUDEM – WEST GODAVARI DISTRICT.

EXPENDITURE INCURRED TOWARDS PRIVATE PHONE CALLS EVENTHOUGH THE MANDAL PARISHAD HAVING PHONE No. 36244 – IRREGULAR.

The following amounts were irregularly drawn and spent towards private Phone calls made during the year 2000-01 even though the Mandal Parishad has an office Phone No. 36244. As such, the expenditure of Rs. 5,300/- thus incurred could not be admitted in audit and would need to be recovered from the person or persons responsible and credited to the Mandal Parishad funds.

Sl. No.	Vr. No & Date	Amount Rs.
1	42 / 05-2000	66/-
2	44 / 05-2000	305/-
3	55 / 05-2000	240/-
4	77 / 07-2000	296/-
5	79 / 07-2000	489/-
6	90 / 07-2000	163/-
7	110 / 09-2000	330/-
8	111 / 09-2000	435/-

9	133 / 10-2000	208/-
10	134 / 10-2000	398/-
11	135 / 10-2000	398/-
12	136 / 10-2000	335/-
13	153 / 10-2000	103/-
14	165 / 11-2000	691/-
15	236 / 02-2001	374/-
16	237 / 02-2001	499/-
	Total	5,300/-

(Para No. 18 of the Audit Report)

14.4.6 MANDAL PARISHAD – DHAROOR – ADILABAD DISTRICT.

PAY FIXED TO SRI G. CHANDRAIAH – SUPERINTENDENT UNDER FR 22-B – NOT ELIGIBLE – EXCESS PAID NEEDS RECOVERY.

In Voucher No: 3 dated 01-04-2000, an amount of Rs. 171/- was drawn and paid to Sri G. Chandraiah, Superintendent towards pay fixation arrears under FR 22-B for the period from 23-02-2000 to 29-02-2000 due to promotion

According to Proceedings No. b1/255/2000, dated: 25-02-2000 of Mandal Parishad Development Officer, his pay was fixed as shown below.

Date	Pay in Lower Post	Pay in Higher Post	Rule under which pay fixed
11-02-2000	<u>Rs.9, 000/- +10/- FP</u> TSP of Rs. 5,000 - 10, 600		
Promotion as Superintendent on 23-02-2000	Rs. 9,000/-	Rs.9,300/- +10/-FP	22 (a) (I)
01-03-2001	Rs. 9,300/-	Rs.9,900/- + 10/-FP	22-B

The individual was enjoying special grade scale in the lower post i.e., U.D.C. So the application of Rule F.R.22-B is not correct as per orders issued in G.O. Ms. No: 290 Finance & Planning dated: 22-07-1993.

As such, the pay would need to be modified as shown below and excess paid amount is worked out below and the same be recovered and credited to M.P. Funds under intimation to Audit.

Date	Pay in Lower Post	Pay in the post of Superintendent	Rule under which pay to be fixed
Promotion on 23-02-2000	Rs.9, 000/-+10/- FP in the TSP of Rs. 5,000- 10,600/-	Rs. 9,300/-	FR 22 (a) (I)
2/2001	Rs. 9,300/-	Rs. 9,600/-	FR 31 (2) read with FR 22 (a) (I)

Excess amount paid

Pay drawn : Rs. 9,900/- per month

Pay eligible : Rs. 9,600/- per month

Excess : Rs. 300/- per month

7 days from 23-2-2000 to 29-2-2000 at Rs.300/- per month : Rs. 72/-

11 months from 2/2001 to 12/2001 : Rs.3,300/-

TOTAL AMOUNT PAID IN EXCESS : Rs 3,372/-

DA and H.R.A. paid in excess also would need to be worked out and recovered.

(Para No. 9 of Audit Report on the accounts of General Funds)

14.4.7 MANDAL PARISHAD – JADCHERLA – RANGA REDDY DISTRICT.

(a) PAY FIXATION ARREARS PAID TO SRI P. GOVINDA RAO, SENIOR ASSISTANT – EXCESS PAID NEEDS RECOVERY – Rs. 4,830/- AND PAY TO BE REGULARISED.

In Voucher No: 4 dated 01-04-2000 an amount of Rs. 15,255/- was drawn towards arrears and paid to Sri P. Govinda Rao, Senior Assistant, who was promoted for the period from 11/99 to 2/2000.

As per Proceedings No: B/109/99, dated: 25-03-2000 of Mandal Parishad Development Officer, the pay of the individual has been fixed in the cadre of Senior Assistant as shown below.

Date of promotion as Senior Assistant : 03-11-1999

Pay and Scale of Pay in the Lower Post : Rs. 4,700+100
Special Pay +30

Additional increment in Scale of Rs. 3,550-7,150/-

Pay : Rs. 4,700/-

Special Pay merged : Rs. 100/-

Total : Rs.4800/- +30/-
additional increment

Pay to be fixed at : Rs. 4,850/- +30/-
additional increment

But, his pay was fixed in the cadre of Senior Assistant as on 03-11-1999 at Rs.5, 000/- in the Scale of Pay of Rs. 4,190-8,700 and Increment released on 01-12-1999 raising his pay to Rs. 5,150/-. But, the pay of the individual has to be fixed as follows:

Pay in the Lower Post : Rs. 4,700/-+
100/- Special Pay +30
(Additional Increment)
With effect from 1-11-99

Pay to be fixed in the cadre of Senior Assistant : Rs. 4,850/- + 30/-
Additional increment

With effect from 3-11-99 Increment in the time Scale of Pay of Rs. 4190-8700

Pay to be refixed due to release of : Rs. 5,000/-

Increment in the lower post with effect from 01-12-1999.

The pay of the individual would need to be regularised and excess payment amounting to Rs. 4,830/- as worked out below would need to be recovered and credited to Mandal Parishad Funds under intimation to Audit.

EXCESS DRAWN – EXCESS PAY – Rs. 3,750/-

Period	Pay Drawn Rs.	Pay Eligible Rs.	Excess Drawn Per month Rs.	Number of months	Total Excess Drawn Rs.

11/99	5,000/-	4,850/-	150	1	150/-
12/99 to 11/2000	5,150/-	5,000/-	150	12	1,800/-
12/2000 to 11/2001	5,300/-	5,150/-	150	12	1,800/-
				Total:	3,750/-

DEARNESS ALLOWANCE – EXCESS DRAWN DEARNESS ALLOWANCE
– Rs. 580/-

Period	Rate of DA	Excess pay per month Rs.	Excess Drawn DA per month Rs.	Number of months	Total Excess DA drawn in Rs.
11/99 to 12/99	12.27%	150/-	18	2	36/-
1/2000 to 6/2000	13.088%	150/-	20	6	120/-
7/2000 to 12/2000	15.542%	150/-	23/-	6	138/-
1/2001 to 11/2001	17.178%	150/-	26/-	11	286/-
				Total:	580/-

HOUSE RENT ALLOWANCE: EXCESS DRAWN HOUSE RENT
ALLOWANCE.

Period	Excess Drawn Per Month Rs.	Number of Months	Total Excess Drawn Rs.
11/99 to 10/2000	20/-	12	240/-
11/2000 to 10/2001	20/-	12	240/-

11/2001	20/-	1	20/-
		Total:	500/-

TOTAL EXCESS DRAWN

<i>Pay</i>	<i>DA</i>	<i>HRA</i>	<i>Total</i>
Rs. 3,750/- + Rs. 580/- + Rs. 500/- = Rs. 4,830/-			

(b) **L.T.C. CLAIM PAID TO SRI B. VIJAYA KUMAR, JUNIOR ASSISTANT – NOT ELIGIBLE - NEEDS RECOVERY – Rs. 3,820/-**

In Voucher No: 61 / 02-05-2000, an amount of Rs. 3,820/- was drawn and paid to Sri B. Vijaya Kumar, Junior Assistant, towards Leave Travel Concession which was sanctioned vide Mandal Parishad Development Officer Proceedings No: M1/86/2000 dated 18-04-2000 to visit "Palasa" in Srikakulam District along with family members during the period from 18-04-2000 to 24-04-2000.

On verification of the service register, it is noticed that the incumbent was appointed on 31-05-1995. He has not completed 5 years of continuous service as on the date of permission of LTC as required vide Government orders issued in G.O. Ms. No. 155 Finance (PC) Department dated 17-01-1973, and therefore not eligible to LTC Hence, the entire amount of Rs. 3,820/- would need to be recovered in lumpsum from the individual and credited to Mandal Parishad Funds.

(Para No. 12 of Audit Report on General Funds)

14.5.1 GRAM PANCHAYT – NANDIKOTKURU – KURNOOL DISTRICT.

WORK BILL – PAYMENT MADE WITHOUT DEDUCTION OF SEIGNIORAGE CHARGES – EXCESS PAID – Rs. 12,177/-

As verified from the estimate, relating to the work "Cleaning of pillar check of Nandikotkuru water works" the estimate was prepared duly adding seigniorage charges, which was technically sanctioned by the technical authority. But during the course of preparation bill for payment, the seigniorage charges were not deducted from the total value of work done. Further, sales tax @ 2% was also not deducted from the total value of the work done.

Due to non-recovery of seigniorage charges of Rs. 8,488/- and sales tax of Rs. 3,689/- from on the total value of work done of Rs. 1,84,450/- a total sum of Rs. 12,177/- was excess paid to the contractor which needs recovery from the person / persons responsible and remittance to Government account.

(Para No.19 of Audit Report)

14.5.2 GRAM PANCHAYT – VIDAVALUR – NELLORE DISTRICT.

IRREGULAR DRAWAL OF ARREARS OF P.R.C 1999 FROM 7/98 TO 3/99- EXCESS – Rs. 10,332/-

As verified from the V.No.112/1/2001, a sum of Rs. 11,832/- was drawn and paid to Sri. G.Janardhan Rao, Ex-Executive Officer, Gram Panchayat, Vidavalur towards pay fixation arrears for the period from 7/98 to 3/99.

As per the instructions issued in Government Circular Memo. No. 29863-A/426/PC-1/1/99 dated: 19-08-1999, the arrears on account of fixation of pay in RSP 1999, shall be allowed with monetary benefit from 4/99 only. However, the arrears from 4/99 to 6/99 shall be credited to G.P.F. account and cash payment will be made from 7/99 onwards. But contrary to the Government orders, arrears were paid from 7/98 instead of from 4/99 thereby a total sum of Rs. 10,332/- was paid excess at the cost of Gram Panchayat funds.

Sl. No.	Period	Excess Amount Paid Rs.	No. of Months	Total amount Rs.
1	07/98 to 09/98	1059/-	3	3,177/-
2	10/98 to 12/98	1127/-	3	3381/-
3	01/99 to 03/99	1258/-	3	3774/-
			Total:	10,332/-

The arrears were drawn and paid without pre-check by the State Audit Department as ordered by Government.

(Para No.14 of Audit Report)

10. INSTANCES OF CASES OF UNACCOUNTED FOR (CASH / STORES)

15.1 Several instances of Cash / Stores unaccounted for were noticed during the course of audit and a few of such audit observations are furnished hereunder.

15.2 Consolidated Statement of cases of unaccounted for Cash / Stores, [Statement No. 9 (10)] is appended to the Report from which it can be noticed that **393** Paras pointing out to **Rs. 44.45 lakhs** were raised during the year.

15.2.1 **ZILLA PARISHAD – KAKINADA – EAST GODAVARI DISTRICT.**

DEPOSIT AMOUNT NOT ACCOUNTED FOR – Rs. 2,75,000/-

An amount of Rs. 2,75,000/- was deposited for one year in Andhra Bank, Gandhinagar branch, Kakinada by the Zilla Parishad, East Godavari. But the said transaction was not recorded in the Cash Book and Register of Investments.

The details of Fixed Deposit Receipt should be immediately noted in the Register of Investments.

(Para No. 9 of Audit Report on the accounts of Loan Funds)

15.2.2 **ZILLA PARISHAD – GUNTUR DISTRICT.**

POSTAGE AMOUNT NOT ACCOUNTED FOR – Rs. 4,284/-

An amount of Rs. 20,000/- was drawn for the purpose of purchase of postal stamps. But postal stamps worth Rs. 15,716/- only were purchased and accounted for in the Register of Postage Stamps, leaving a balance of Rs. 4,284/- unaccounted for.

Due to non-pursuance of timely action by the Executive Authority, the above amount remained unaccounted for.

(Para No. 19 of Audit Report on the accounts of Executive Engineer, Panchayat Raj)

15.2.3 **ZILLA PARISHAD – CHITTOOR DISTRICT.**

PURCHASE OF FUEL AND OIL NOT ACCOUNTED FOR IN THE LOG BOOK FOR – Rs. 2,096/-

An amount of Rs. 2,096/- was drawn vide Voucher No: 170 / 05-2000 and paid to M/s. MNMK Modaliar, Puttur, Chittoor District towards cost of fuel and oil purchased for mobile van No: AAC/ 6034 vide Bill No: 332 / 06-04-2000.

But the oil and fuel so purchased were not taken into account and recorded in the Log Book resulting the purchases unaccounted for.

Due to non-pursuance of timely action by the Executive Authority, the above purchases remained unaccounted for.

(Para No. 22 of Audit Report on the accounts of Executive Engineer, Panchayat Raj, Tirupati)

15.3.1 MANDAL PARISHAD – BUCHIREDDYPALEM – NELLORE DISTRICT.

WITHDRAWAL OF FIXED DEPOSIT BY THE MANDAL PARISHAD DEVELOPMENT OFFICER NOT ACCOUNTED FOR – Rs. 79,538/-

An amount of Rs. 67,890/- was invested in Fixed Deposit on 20-11-98 by the Mandal Parishad Development Officer, in Corporation Bank, which was reinvested from time to time and accumulated to Rs. 79,538/- with interest there on as on 08-8-2000. The said Fixed Deposit was withdrawn, but the amount was not accounted for in the Cash Book of the Mandal Parishad.

Due to non-pursuance of timely action by the Executive Authority, the above amount still remained unaccounted for and pending recovery from the defaulters.

(Para No. 48 of Audit Report on the accounts of General Funds)

15.3.2 MANDAL PARISHAD – DHARMAVARAM – ANANTHAPUR DISTRICT.

PURCHASE OF FUEL AND OILS NOT ACCOUNTED FOR IN THE LOG BOOK – Rs. 813/-

An amount of Rs. 813/- was drawn on Voucher No: 9 (A) / 18-05-2000 towards the cost of fuels and oils for the vehicle of Mandal Parishad bearing Registration No: APY- 7764. But the said purchases were not accounted for in the Log Book.

Due to non-pursuance of timely action by the Executive Authority, the above purchases remained unaccounted for.

(Para No. 21(a) of Audit Report on the accounts of General Funds)

15.4 GRAM PANCHAYAT – ANNAREDDYPALEM – NELLORE DISTRICT.

CASH ON HAND - NOT ACCOUNTED FOR – Rs. 20,750/-

As verified from the Cash Book, there was a cash balance of Rs. 20,750/- on hand as on 31-03-2002. But the said amount was not handed over to the present Sarpanch.

Early action would need to be taken to recover the amount from the persons responsible.

(Para No. 24 of Audit Report on the accounts of JGSY Funds)

11. NON COLLECTION OF DUES

NON-COLLECTION / SHORT COLLECTION OF TAXES AND NON-TAXES IN PANCHAYAT RAJ INSTITUTIONS AND ALLOWED TO BECOME BARRED BY LIMITATION OF TIME-INCLUDING CASES OF MANAGEMENT RESULTING IN SHORT REALISATION.

16.1 On verification of Revenue Collections in Panchayat Raj institutions, huge amounts have been noticed pending realization for long periods and allowed to become barred by limitation of time. No appropriate action seemed to have been initiated by the executive authorities before the dues become barred by limitation of time, inspite of various statutory provisions for their recovery such as through distraint, prosecution or filing of suits. Dependence on Government grants get lowered if timely and appropriate action is taken by the executive authorities for collection of these outstanding dues. These dues cannot be recovered legally now and constitute a permanent loss to the Panchayat Raj bodies. A case study of the amounts outstanding / time barred dues and dues which are likely to become time barred during the year 2002-03 in Panchayat Raj bodies is given below.

16.2 Consolidated Statement showing details of Non-Collection of Dues is Annexed to the Report vide **Statement No. 9 (11)** from which it can be seen that **19798** No. of Audit Objections involving an amount of **Rs. 3065.74 lakhs** were raised in the Audit Reports for the year.

16.3 ZILLA PARISHADS

1. NON COLLECTION OF DUES – Rs. 36.96 lakhs.

An amount of Rs. 36.96 lakhs was pending realization from tenants/lessees towards rents, quarry leases and other miscellaneous properties of Zilla Parishads. The Executive Authorities have to initiate action for their realization. In the case of Quarry lease an amount of Rs.1.29 lakhs is due in Zilla Parishad, Eluru of West Godavari District. The dues are since 1983-84, and in Zilla Parishad, Guntur, the leases of Ferries were not auctioned at all during the year under report. No reasons, were assigned resulting in loss to the funds of Zilla Parishad. Rents/Leases are the only direct source of income to a Zilla Parishad. Since these resources are within the management purview of the Zilla Parishad, there is good scope for the Executive Authorities to see that all such revenues are duly collected.

Rs. In lakhs

Sl. No.	Name of the District	Amount Due	Details	Audit Para No.
1	Ranga Reddy	10.05	Rents	50
2	Eluru	1.29	Quarry lease	9
3	East Godavari	7.63 3.10 <u>0.92</u> 11.65	Lease of endowed lands, Sale of trees, Auction of fish tanks	14
4	Karimnagar	13.01	Shop Rents	12
5	Krishna	0.96	Rents	21
	Total:	36.96		

It was also observed in audit that in case of Zilla Parishad Guntur lease rights of ferries was not auctioned for the year 2000-01.

(Para No. 23 of the Audit Report on the accounts of General Funds of Zilla Parishad, Guntur District)

2. **SHORT COLLECTION OF FINE IMPOSED BY THE QUALITY CONTROL AUTHORITIES, PANCHAYAT RAJ, VISAKHAPATNAM – Rs. 1,46,636/-**

The construction of B.T. Road from Rajam to Thatta Banda under R.R.M. grant was entrusted to the contractor Sri B. Satyanarayana with an estimated cost of Rs. 28.50 lakhs @ T.P. of 16.50% excess over the estimate. The work was completed and the final bill was also passed.

Quality control authorities have recommended a fine of Rs. 2,46,630/- to be recovered from the work bills due to defective execution of work duly recording the same in the Measurement Book of the work vide page No: 49 of M.B. 5242-A. But, an amount of Rs. 1,00,000/- only was recovered in Vr. No: 2551/3-2001 leaving a balance of Rs. 1,46,636/- without recording any reasons for such short recovery. In the absence of any reasons for the short recovery action would need to be taken to recover the amount from person or persons responsible.

[Para No. 15 of Audit Report on the accounts of Executive Engineer, (P R)]

16.4 **MANDAL PARISHADS.**

1. NON- COLLECTION OF DUES – Rs. 2.81 lakhs.

Large sums of leases/ rents due to various Mandal Parishads were noticed to have been un- collected during 2000-2001. Following are two such cases of non- collection of dues.

Sl. No.	Name of the Mandal Parishad & District	Amount due Rs. in lakhs	Particulars	Para No of Audit Report
1	Kotabommali, Srikakulam	2.39	Weekly Market Lease Amounts 2.39 lakhs	15
2	Pentapadu, West Godavari	0.42	Shop rents 0.42 lakhs	10
	Total:	2.81		

16.5 GRAM PANCHAYATS

1. TIME BARRED DUES – Rs. 80.51 lakhs

In the case of the following Gram Panchayats a sum of Rs. 80.51 lakhs due to various Gram Panchayats under various heads has become time barred during the year under report as shown below due to limitation of time as no action was initiated by the Executive Authorities concerned under Section 254 of AP Panchayat Raj Act, 1994 for their realization. The taxes and other dues not recovered within three years from the date of demand under Section 135 of AP Panchayat Raj Act, 1994 and it can not be legally collected now and thus constitute a permanent loss to the funds of the Panchayats.

TIME BARRED DUES:

Rs. In lakhs

Sl. No.	Name of the Gram Panchayat & District	Amount time barred	Particulars	Para No of Audit Report
1	Chinna Choiwk, Kadapa.	2.76	House Tax : 1.65 Water Fees : 1.08 Licence Fees : 0.03	11
2	Nagireddipally, Kadapa.	1.32	House Tax : 1.31 Licence Fees : 0.01	11
3	Indrapalem, Kakinada Rural, East Godavari.	31.91	House Tax : 29.55 Library Cess : 2.36	06

4	Vinukonda, Guntur.	4.42	Tap fees : 4.42	19
5	Srunkavaram, East Godavari.	0.40	Library Cess : 0.01 House Tax : 0.19 Water Tax : 0.04 Market Lease : 0.05 Tap Fee : 0.11	06
6	G. Mamidada, East Godavari.	32.80	House Tax : 30.38 Tap Fee : 2.42	06
7	Ibrahimpattam, Krishna.	3.21	House Tax : 2.97 Tap Fee : 0.24	10
8	Gudibanda, Ananthapur.	2.79	Auction of Trees : 0.32 Tap fee : 0.02 Weekly Markets : 2.43 Licence Fee : 0.01 Seetafalsayam : 0.01	14
9	Mogilipuram, Visakhapatnam.	0.90	House Tax : 0.90	06
	Total:	80.51		

2. **DUES OUTSTANDING – Rs. 35.73 lakhs.**

It was further observed that huge dues, Taxes and Non Taxes are outstanding and no action was initiated so far for realisation of those dues.

A few of such cases are shown below:

Sl. No.	Name of the Gram Panchayat & District	Amount outstanding Rs. in lakhs	Particulars	Para No. of Audit Report
1	Shamsabad, Rangareddy.	12.22	House Tax : 12.22	08
2	Vinukonda, Guntur.	13.06	Tap Connection Donations : 8.68 Shopping Complex lease : 1.00 Others : 3.38	19,20 & 29
3	Godavarru, Kankipadu Mandal,	0.63	Fisheries Sales : 0.61 Sale of trees : 0.02	19,20 & 29

	<i>Krishna.</i>			
4	<i>Piduguralla, Ananthapur.</i>	0.44	<i>House Tax : 0.44</i>	06
5	<i>Gudibanda, Ananthapur.</i>	2.79	<i>Amarai Sales : 0.32 Tap Fees : 0.02 Weekly Market (Animal & Vegitable) : 2.45</i>	14
6	<i>Indravelli, Adilabad.</i>	5.96	<i>House Tax : 5.45 Licence Fees : 0.07 Weekly Market : 0.36 Shopping Complex : 0.08</i>	03
7	<i>Uppal, Karimnagar.</i>	0.63	<i>Market Fee : 0.63</i>	20
	Total:	35.73		

ZILLA PARISHAD – KRISHNA DISTRICT.

(a) NON-COLLECTION / SHORT COLLECTION OF DUES (QUARTERS RENT) FROM THE STAFF OF PANCHAYAT RAJ BODIES – NEEDS IMMEDIATE ACTION FOR RECOVERY.

As per Government orders contained in G.O. (P) No. 121, Finance & Planning (FW.PC IV) Department, dated: 19-08-1999, the recovery of quarters rent in respect of Government quarters/P.R quarters/Urban local body quarters allotted to its employees/officers shall be the standard rent as fixed in accordance with Fundamental Rule 45-A-I V (b) or 10% of emoluments whichever is less.

But contrary to the above Government orders the Executive Authorities of Panchayat Raj bodies have fixed nominal rents as low as Rs.5/- p.m., Rs. 150/-p.m. and Rs. 200/- p.m. for some of the quarters and no rent was collected though allotted to its staff even while permitting them to draw H.R.A. For example the recovery from the Executive Engineer, Panchayat Raj Division, Zilla Parishad, Krishna District works out to Rs. 1,800/- p.m. @ 10% of his pay of Rs. 8,000/- p.m. plus H.R.A. @ 12.5%. But an amount of Rs. 10,000/- only was collected vide challan no: 25511, dated 11-9-2001 for a period of 20 months from 5/2000 to 12/2001 while the actual dues work out to Rs. 36000/- @ Rs. 1800/-p.m. constituting a short recovery of Rs. 26,000/-

(Para No. 11 of Audit Report on the accounts of P.R. Division, Machilipatnam)

The electricity consumption charges were met from the funds of institutions instead of recovering the same from the occupants.

The following are some such cases in various Mandal Parishads where quarter's rent was short collected from staff / lessees.

Sl. No.	Name of the Institution & District	Number of quarters available	Allotted		Remarks
			Local Body Staff	Other Govt. Staff	
1	Rajupalem M.P & Macherla M.P of Guntur District. (Para No: 13 & 9 of Audit Report)	7+8	5	8 (2) Vacant	1. Rent was collected @ Rs. 200/- only p.m. from 01-06-2000 to 31-08-2000. 2. Standard rent not fixed and collected. 3. HRA not stopped. 4. C.C. Charges met from funds of Mandal Parishad.
2	Gara M.P. of Srikakulam. (Para No: 11 of Audit Report)	List of Quarters not furnished		2	Monthly rent fixed @ Rs. 150/- p.m.
3	Sadasivapet M.P. of Medak. (Para No: 18 of Audit Report)	List of Quarters not furnished			Amount of Rs. 35842/- to be recovered from Staff.

(b) **SHORT REALIZATION OF LEASE AMOUNT DUE TO FAILURE TO TAKE TIMELY AND APPROPRIATE ACTION BY THE EXECUTIVE AUTHORITIES OF MANDAL PARISHAD – ELAMANCHILI AND CHIEF EXECUTIVE OFFICER, ZILLA PARISHAD, ELURU OF WEST GODAVARI DISTRICT – Rs. 5.06 LAKHS.**

The Chief Executive Officer of Zilla Parishad, Eluru of West Godavari District permitted the Mandal Parishad Development Officer (MPDO), Elamanchili vide Letter Roc No: O2/348/2000, dated 10-02-2000 for leasing out " DODDIPATLA FERRY" from 01-04-2000 through auction. Accordingly the auction was conducted on 27-03-2000 and the lease was knocked down in favour of Sri E. Satyanarayana who quoted the highest bid amount of Rs. 8,16,000/-. But before concluding the agreement, the Chief Executive Officer, Eluru, has rejected the proposal due to stay orders from Hon'ble High Court, Andhra Pradesh, Hyderabad and instructed the M.P.D.O. to hand over the "Ferry" on daily basis collection of Rs. 2,236/- per day (i.e., Rs. 8,16,000/365 days). These proposals were not accepted by the highest bidder.

Under these circumstances the M.P.D.O. of Elamanchili made arrangements for running the ferry departmentally in anticipation of ratification orders from the Chief Executive Officer, to ply the boats and motors at different rates on different periods. The income to the Mandal Parishad due to such arrangement was Rs. 4,71,379/- whereas the expenditure incurred towards maintenance, repairs and printing of receipt books was Rs. 1,61,550/-

and the net income adjusted to the funds of Mandal Parishad was Rs. 3,09,829/-.

The following irregularities were noticed in the management of the ferry.

- a) *The Chief Executive Officer, Zilla Parishad, Eluru or M.P.D.O., Elamanchili has not taken proper initiative to get the stay orders of the Hon'ble A.P. High Court vacated, which might have resulted in additional lease amount from the ferry.*
- b) *The Chief Executive Officer, Zilla Parishad, Eluru has not taken initiative for continuing the existing lease holder subject to the condition of Hon'ble High Court orders by which the M.P. would have get more income than the amount collected departmentally.*
- c) *The final judgement orders of the Hon'ble High Court and ratification orders of Chief Executive Officer for departmental collection at different rates were not pointed out to audit and the details of tickets got printed for departmental collection were also not produced to audit for verification.*

(Para No 9 of the Audit Report on the accounts of Mandal Parishad of Elamanchili, West Godavari District)

12. VARIATION IN ACCOUNT FIGURES

17.1 *It was observed in audit that there were certain variations in account figures like opening balance in a particular account not tallying with the closing balance of the previous year, closing balance in the cash book of the previous year not carried forward as opening balance for the current year, Treasury balance not tallying with the cash book balance and reasons for such differences have not been identified and explained in Reconciliation Statements etc.,. It was also noticed that Reconciliation Statements explaining the differences between the Treasury balance and the Cash book balance were not prepared periodically to check the correctness of accounts maintained. These defects were pointed out in audit reports.*

17.2 *A Consolidated Statement [Statement No. 9 (12)] of Variation in Account figures is appended to the Report from which it could be seen that Non-reconciliation of **Rs. 643.85 lakhs** was pointed out in **775** audit objections.*

A few of such cases are detailed below.

17.3.1 ZILLA PARISHAD – KRISHNA DISTRICT.

DIFFERENCE BETWEEN THE CLOSING & OPENING BALANCES –

Rs. 1,114/-

The opening balance in cashbook is not in agreement with the closing balance of the previous year. The same should be explained. The closing balance in cash Book of the Division Office as on 31-03-2000 was Rs. 10,22,627-61. But the opening balance as on 01-04-2000 was adopted as Rs. 10,21,513-61. Thus there is a discrepancy of Rs. 1,114/-

(Para No. 3 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj Division, Nuzvidu)

17.3.2 ZILLA PARISHAD – ADILABAD DISTRICT.

AMOUNT SHOWN IN SUSPENSE ACCOUNT – DETAILS WANTING – Rs. 5,33,260/-

An amount of Rs. 5,33,260/- was shown under suspense account in the Receipts side of the Annual Accounts maintained by the Executive Engineer, Panchayat Raj Division, Adilabad. Urgent action is called for to remove the suspense head and to credit to the concerned heads of account duly ascertaining the details from the Treasury.

(Para 9 of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj)

17.3.3 ZILLA PARISHAD – WARANGAL DISTRICT.

RECONCILIATION STATEMENT AS ON 31-03-2001 OF THE GENERAL FUND – NOT DRAWN UP – DIFFERENCE – Rs. 2,12,96,813-75 P.

The closing balance as on 31-03-2001 in the Treasury Pass Book of the General Funds of the Zilla Parishad was short to an extent of Rs. 2,12,96,813-75 ps compared to the closing balance as per cash book. No effort was made to reconcile the said difference.

(Para No. 6 of the Audit Report on the General Fund Accounts)

17.3.4 ZILLA PARISHAD – PRAKASAM DISTRICT.

VARIATION IN CLOSING BALANCE OF ANNUAL ACCOUNT WITH THAT OF CASH BOOK – NOT RECONCILED – Rs. 3,33,985/-

There was a variation of Rs. 3,33,985/- between the closing balance in cash book and Annual Account as shown below .

Closing balance as per annual account as on 31-03-2001	Rs. 1,02,25,086/-
Closing Balance as per Cash Book as on 31-03-2001	Rs. 98,91,101/-
Difference	Rs. 3,33,985/-

(Para No. 2 (a) of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj)

17.3.5 ZILLA PARISHAD – KARIMNAGAR DISTRICT.

DEFECTIVE PREPARATION OF ACCOUNTS.

The difference of Rs. 3,64,852/- between the closing balance of the cash book and Annual Account for the year 1997-98 was not reconciled eventhough the same was already pointed out in the Audit Report for the years 1998-99 and 1999-2000. The same difference is continued during the year 2000-01 also. The accounts prepared therefore do not exhibit correct figures.

(Para No. 2 (b) of the Audit Report on the accounts of the Executive Engineer, Panchayat Raj, Jagtial)

17.4 MANDAL PARISHAD – MADNOOR – NIZAMABAD DISTRICT.

DIFFERENCE BETWEEN THE CLOSING BALANCES OF THE CASH BOOK & PASS BOOK – NOT RECONCILED – Rs. 1,71,925.79 P.

On verification of the Treasury Pass Book for the year 2000-01, it was noticed that an amount of Rs. 4,71,609-63 was the closing balance as on 31-03-2001 compared with the closing balance of Rs. 6,43,535-42 in the Cash Book of General Funds. The difference needs reconciliation.

(Para 2 of the Audit Report on the accounts of the General Funds)

13. ADVANCES PENDING ADJUSTMENT

18.1 *It was observed during the course of audit that temporary advances paid for specific purposes were outstanding for a long time though they should have been got adjusted through detailed bills and vouchers as soon as possible as per Article 99 of A.P. Financial Code. Several objections were raised on such outstanding advances in the relevant audit reports pointing out failure of the Executive Authorities and Drawing Officers to take necessary action to get these advances adjusted.*

18.2 *It was also observed that huge amounts of personal advances are outstanding for a longtime due to inaction on the part of the Drawing Officers. In many cases even the unspent balances of advances drawn were found unrefunded.*

18.3 *A statement of such cases noticed is appended to the Report, [Statement No. 9 (13)]*

18.4 *Some of the audit objections raised on the “Outstanding Advances” are shown below.*

(a) CONTINGENT ADVANCES NOT ADJUSTED.

Under this category temporary advances paid for specific purposes but not adjusted with detailed bills and vouchers for a long time are covered.

A list of such audit objections is furnished below:

Sl. No.	Name of the body & District	Purpose of advance	Amount of advance outstanding Rs.	Audit Para No.
1	E.R.P.R. Tenali, Zilla Parishad Guntur.	Spares and oils	15,442/-	70
2	EE (RWS), Sadasivapet, Zilla Parishad, Medak.	Materials & Miscellaneous	2,11,622/-	9 & 12
3	Gummagatta, Mandal Parishad, Ananthapur.	Women Welfare activities	5,000/-	37
4	Macherla Mandal Parishad, Guntur.	Transport, Petrol and Jeep repairs	26,200/-	15
5	Kodangal, Mandal Parishad, Mahabubnagar.	Miscellaneous works	51,000/-	20
6	Pellakur Mandal Parishad, Nellore.	Transport charges	37,000/-	24 & 25
7	Srikakulam Mandal Parishad, Srikakulam.	Vehicle hire charges	45,000/-	22
8	Anakapally Mandal Parishad, Visakhapatnam.	Implementation of various programmes	5,000/-	17
9	Butchaiahpetta Mandal Parishad, Visakhapatnam.	Women Welfare Programmes	15,000/-	25
10	Parvathagiri Mandal Parishad, Visakhapatnam.	Miscellaneous	22,175/-	25
11	Amadalavalasa Mandal Parishad, Srikakulam.	T.A., TTA & Miscellaneous	26,615/-	77 & 78

(b) ADVANCES PAID BUT PURPOSE FOR WHICH ADVANCES WERE DRAWN NOT FORTHCOMING.

Advances drawn but the specific purpose for which advances were drawn not pointed out to audit fall under this category.

Details of audit objections raised in this category are mentioned hereunder:

Sl. No.	Name of the Gram Panchayat and District	Amount drawn as advance Rs.	Audit Para No.
1	Itchoda, Adilabad.	20,000/-	19
2	Nandikotkuru, Kurnool.	28,241/-	18

(c) RECOVERIES NOT COMMENCED.

Long-term advances paid to the individual employees, the recovery of which has to be made in instalments but recoveries not commenced are included in this category.

Few of such cases noticed in the audit are as under:

Sl. No.	Name of the local body & District	Amount of advance outstanding Rs.	Nature of advance	Audit Para No.
1	Executive Engineer, PR, Adilabad.	94,000/-	General Provident Fund	11 & 12
2	Zilla Parishad Visakhapatnam.	18,425/-	Special Festival Advance	
3	Ballapally Mandal Parishad, Guntur.	36,000/-	Special Festival Advance	21
4	L.B. Cherla Gram Panchayat of West Godavari	25,000/-	Marriage Advance	11

(d) RECOVERIES NOT EFFECTED IN FULL:

Such of those long-term advances paid to the individual employees but were not recovered in full are grouped under this category.

Audit objections raised under this category are as follows:

Sl. No.	Name of the body & District	Amount of advance outstanding Rs.	Nature of advance	Audit Para No.
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1	Executive Engineer, P.R., Zilla Parishad, Adilabad.	4,100/-	Festival Advance and Education Advance	18
2	Zilla Parishad, Ananthapur.	1,24,899/-	HBA	5 & 6
3	Executive Engineer, P.R., Jagityal, Zilla Parishad, Karimnagar.	1,18,263/-	Bitumen	59
4	Executive Engineer, P.R., Bhadrachalam, Zilla Parishad, Khammam.	4,769/-	Bitumen	40
5	General Fund, Zilla Parishad, Nizamabad.	9,73,295/-	FA, Edn, Vehicle, Marriage, HBA	17
6	Elementary Education Fund, Zilla Parishad, Nizamabad.	52,57,191/-	Works	17
7	Executive Engineer, P.R., Oddokonda Zilla Parishad of Srikakulam.	2,72,415/-	FA, APCO, Edn. Etc.,	15
8	Executive Engineer, RWS, Palasa, Zilla Parishad, Srikakulam.	1,02,400/-	FA, APCO, Edn. Etc.,	13
9	General Fund, Zilla Parishad Srikakulam.	1,39,90,429/-	FA, APCO, Edn. Etc.,	3
10	Loan Fund Zilla Parishad, Warangal.	16,92,897/-	HBA	7
11	Amarapuram Mandal Parishad, Ananthapur.	31,772/-	Vehicle Advance	20
12	Addateegala Mandal Parishad, East Godavari.	25,000/-	Marriage Advance	19
13	Sirvella Mandal Parishad Kurnool.	9,559/-	Vehicle Advance	13
14	Tuttiga, Gram Panchayat West Godavari.	9,535/-	Marriage advance	14

(e) ADVANCES PAID TO OTHER INSTITUTIONS:-

There are also instances where amounts were drawn as advance and paid to other offices such as District Panchayat Officer, Divisional Panchayat Officer, Assistant Director of Marketing, Mandal Revenue Officer etc., But, these advances were not adjusted till the close of audit and objections were raised in the relevant Audit Reports.

Some of them are detailed below:

Sl. No.	Name of the local body & District	To whom paid	Amount Rs.	Audit Para No.
1	Gram Panchayat Rajampet, East Godavari.	DPO, Peddapuram	5,000/-	7
2	Gram Panchayat Indrapalem, East Godavari	Joint Collector	20,000/-	15
3	Gram Panchayat Wakkalapudi of East Godavari.	Joint Collector	20,000/-	12
4	Gram Panchayat Ibrahimpatnam, Krishna.	M.R.O.	12,000/-	13

14. VIOLATION OF RULES

19.1 It was noticed in audit that in some cases the Rules / Government instructions for incurring the expenditure from the funds of the Panchayat Raj bodies were violated either due to negligence or ignorance. Certain times, the funds of the Panchayat Raj bodies were utilized for purposes other than the permitted ones under the Act / Rules. It was also noticed that in few cases, Government instructions were misunderstood or misinterpreted. Such irregular expenditure incurred was objected in the relevant audit reports. **34856** audit objections involving an amount of **Rs. 4181.15 lakhs** were raised in the relevant Audit Reports as shown in **Statement No. 9 (14)** annexed to the Report.

A few of them are as under.

19.2.1 ZILLA PARISHAD – ANANTHAPUR DISTRICT.

RELEASE OF AMOUNT FOR CONSTRUCTION OF SHOPPING COMPLEX IN ZILLA PARISHAD COMPOUND – PRIOR PERMISSION OF GOVERNMENT NOT OBTAINED – IRREGULAR – Rs. 25,00,000/-

A total amount of Rs. 25,00,000/- was drawn on Vr. Nos. 233/6-2000 and 234/6-2000 from Zilla Parishad general funds and paid to the Executive Engineer, Panchayat Raj, Ananthapur towards construction of shopping complex in the compound of Zilla Parishad, Ananthapur.

But as per the orders of Government issued in G.O. Ms. No. 446 PR & RD Department dated 29-10-1998 35% of the general funds of a Zilla Parishad, shall be earmarked for “upgradation, maintenance of the existing assets including MI sources” and it was ordered that for expenditure which falls outside the purview of the categories and ceiling prescribed in the said Government order, prior permission of the government was needed.

In the instant case i.e. construction of Shopping Complex in the compound of Zilla Parishad which is creation of a new asset and does not fall in any of the categories specified in the G.O. for earmarking of the general funds of the Zilla Parishad, prior permission of Government was needed. Permission of Government if any obtained was not produced to audit. Thus the release of Rs. 25,00,000/- to the Executive Engineer for construction of shopping complex is contrary to the instructions of Government and therefore held under objection.

Further no record relating to the execution of work was produced to audit.

(Para No. 15 of the Audit Report on the accounts of the General Funds)

19.2.2 ZILLA PARISHAD – KAVALI – NELLORE DISTRICT.

FURNITURE – FURNITURE PURCHASED FOR OFFICE PURPOSE THOUGH BAN IMPOSED ON PURCHASE – IRREGULAR – Rs. 15,590/-

The following furniture articles were purchased for use in the office of the Deputy Executive Engineer, Buchireddipalem during the year under audit.

Sl. No.	Particulars of furniture purchased	Quantity	Rate Rs.	Amount Rs.
1	Office Tables 4 x 2 ½	2	900/-	3,800/-
2	Almirah 5 ½	1	3,300/-	3,300/-
3	S Type Chairs (heavy)	6	375/-	2,250/-
4	Filo Chairs	4	260/-	1,040/-
5	Steel Almirah 5 ½	1	3,300/-	3,300/-
6	Office Tables 4 x 2 ½	1	1,900/-	1,900/-

			Total:	15,590/-
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Government have imposed ban on purchase of furniture other than the equipment required for hospitals, hostels, Residential Schools, Raj Bhavan in their Memo 124/AR&T.I/96-2 GA Ser (AR&T.I) Department dated 4-9-96. The ban was extended from time to time till the year 2002 vide Memo No. 15254/53/3/TFR/2001, dated: 15-05-2001. Though the ban orders were in force from 24-01-2001 till the end of March 2002, purchase of furniture was made ignoring the ban orders. Hence the amount of Rs. 15,590/- spent on the purchase is not admissible in audit and held under objection. Further the T&P register with relevant stock entries was also not produced to audit.

(Para No. 13 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

19.2.3 **EXECUTIVE ENGINEER (RWS) – SIDDIPET – MEDAK DISTRICT.**

(a) **DRILLING OF BOREWELLS WORK ENTRUSTED TO M/s LAKSHMI BORE WELLS MEDAK – TENDERS NOT INVITED – IRREGULAR – AMOUNT PAID HELD UNDER OBJECTION – Rs. 2,40,027/-**

The District Collector, Medak have fixed rate per meter for the drilling of Bore wells of 165 mm dia and casing pipe as well in the various groups comprising certain Mandals.

Based on the rates fixed by the District Collector, the Executive Engineer, RWS Project Division, Siddipet has entrusted the work of drilling of bore-wells in the villages mentioned below to M/s. Lakshmi Borewells, Medak and the firm was paid their charges as mentioned against them.

Sl. No.	Name of the Village	Vr. No. & Date	Amount paid Rs.
1	Bodaghat	303 dt. 08-12-2000	13,958/-
2	Bujarampally	304 dt. 08-12-2000	14,391/-
3	Thogita	302 dt. 08-12-2000	15,940/-
4	Indugulapally	376 dt. 23-03-2001	13,866/-
5	Thumakkapally	375 dt. 23-03-2001	14,242/-
6	Mambogipally	374 dt. 23-03-2001	18,702/-
7	Mambojipally	373 dt. 23-03-2001	17,690/-
8	Pothshepally	372 dt. 23-03-2001	29,088/-
9	Neelkanthapally	371 dt. 23-03-2001	8,578/-

10	Ramathurthi	370 dt. 23-03-2001	13,415/-
11	Mangaloathy Thanda	341 dt. 23-02-2001	17,563/-
12	Ram Singh Thanda	340 dt. 23-02-2001	15,240/-
13	Fareedpur	339 dt. 23-02-2001	15,940/-
14	Shankarampet	342 dt. 23-02-2001	13,590/-
15	Shankarampet	343 dt. 23-02-2001	14,540/-
16	Bijarapally	344 dt. 23-02-2001	12,284/-
		Total:	2,40,027/-

The District Collector has fixed the rate for the drilling of Bore-wells with various dia with the intention that the Bore-well drilling agencies should not be paid over and above the rates fixed by him and Tenders should invariably be invited from various Bore-well Drilling agencies to have the benefit of competitive rates.

The entrustment of drilling of borewells to M/s. Lakshmi Borewells, Medak without calling for tenders is irregular and the amount of Rs. 2,40,027/- paid is therefore held under objection.

(Para No. 12 of the Audit Report)

(b) **SUPPLYING AND FIXING OF CAUTION BOARDS FOR ROADS OF PANCHAYAT RAJ – CERTAIN IRREGULARITIES – AMOUNT HELD UNDER OBJECTION – Rs. 15,68,624/-**

In the following vouchers, an amount of Rs. 15,68,624/- was drawn and paid to M/s Sri Lakshmi Venkata Ramana Engineering & Mechanical Works, Siddipet towards supplying and fixing of caution Boards for roads of Panchayat Raj as detailed below:

Sl. No.	Vr. No & Date	Particulars	Quantity Nos.	Rate	Amount Paid Rs.
1	292/ 16-6-2000	Supplying & fixing of caution Boards at Dubbakka Mandal	317	1168	3,70,256/-
2	293/ 16-6-2000	Supplying & fixing of caution Boards at Mardoddi Mandal	172	1168	2,00,896/-
3	294/	Supplying & fixing of	273	1168	3,18,864/-

	16-6-2000	caution Boards at Donthasal Mandal			
4	342/ 27-6-2000	Supplying & fixing of caution Boards at Kondapaka Mandal	391	1168	4,45,008/-
5	343/ 27-6-2000	Supplying & fixing of caution Boards at Mirdoddi Mandal	200	1168	2,33,600/-
				Total:	15,68,624/-

During the course of audit the following irregularities were noticed.

- (i) Tenders were not called for to get the benefit of competitive rates.
- (ii) The Utilisation certificates for the grants received for erection of Caution Boards at roadside were also not forthcoming to audit.
- (iii) The particulars of receipt of grant for erection of caution boards were also not produced. The expenditure on caution boards is generally provided in the estimates of respective work. The expenditure on caution boards should not exceed 2% of maintenance grant.

In view of the above, the expenditure of Rs. 15,68,624/- thus incurred could not be admitted in audit and held under objection.

19.2.4 ZILLA PARISHAD – EAST GODAVARI DISTRICT.

- (a) **CONTINGENCIES – PANCHAYAT RAJ RWS (PROJECTS) AMALAPURAM – PURCHASE OF COPY PRINTER FOR THE OFFICE OF THE ENGINEER IN CHIEF – IRREGULAR – NEEDS ACTION – Rs. 15,000/-**

An amount of Rs. 15,000/- was drawn and paid vide voucher No. 204/6-24 to M/s Gestetner Company Limited, Hyderabad towards the cost of copy printer supplied to Engineer-in-Chief office. But the authority under which RWS funds were utilised towards contingencies of Engineer in Chief office was not forthcoming to audit.

Hence early action would need to be taken to reimburse the amount to 066 RWS Funds besides taking appropriate action against the persons responsible for incurring the said expenditure irregularly.

(Para No. 22 of the Audit Report)

- (b) **IRREGULAR APPOINTMENT TO SPECIAL PROMOTION SCALE-I – CONSEQUENTIAL EXCESS PAYMENT – NEEDS RECOVERY AND REVISION OF PAY OF THE JUNIOR ASSISTANT – Rs. 5,015/-**

As verified from the Service Register of Sri GK. Mohana Rao, Junior Assistant he relinquished his right to the next higher post and the authorities accepted the same vide Progs Roc. No. D4/7811/99 dated 17-12-99 of the

Chief Executive Officer, Zilla Parishad, Kakinada. But the individual was allowed SPP-I scale with effect from 1-7-98 and his pay was fixed in SPP-I scale under F.R. 22(a) (i). But as per Government Memo. No. 007/375/PRC-I/88 Finance & planning dated: 26-10-1988, the individual is not eligible for appointment to SPP-I scale since he had relinquished the higher post. Hence his pay fixation in SPP-I scale vide Progs. No. D4/981/2000 dated: 08-11-2000 and payment of arrears of Rs. 5,015/- from 4/99 to 10/99 on Vr. No. 1230/13-2000 is irregular and contrary to the instructions of Government. Subsequent excess payments also need recovery from him.

(Para No. 27 of the Audit Report on the General Funds)

(c) **ESTABLISHMENT – PANCHAYAT RAJ (R.W.S) (PROJECTS) SUB – DIVISION KAKINADA – ONE STEP PROMOTION ALLOWED TO SRI N.ACHARAO, WORK INSPECTOR – IRREGULAR – NEEDS REVISION AND REVERSION – Rs. 23,186/-**

As verified from the S.R. of Sri N. Acharao, Work Inspector, he was appointed w.e.f. 20-08-1985 as Grade II Technical Works Inspector in the scale of Rs. 475-760. The individual was allowed one step promotion w.e.f. 20-08-1991 as Grade I Work Inspector and his pay was fixed at Rs. 1260/- in the scale of Rs. 1100-2050 on completion of 6 years of service as Grade III Technical Inspector. But as per para 3(iii) of G.O.Ms.No. 370 Irrigation Service Department, dated: 04-08-1984, one step promotion is admissible to works Inspectors who are working as on the date of issue of the Government order. But the individual in question was appointed on 20-08-1985 i.e., after the issue of the G.O. Ms. No. 370 Irrigation dated: 04-08-1984. Hence he is not eligible for one step promotion. Therefore the payments made on account of irregular one step promotion is liable to be worked out and recovered from him.

(Para No. 27 of the Audit Report on the accounts of Executive Engineer (RWS) Amalapuram)

19.2.5 **ZILLA PARISHAD – ANANTHAPUR DISTRICT.**

SECONDARY EDUCATION – SRI B. NARAYANA SOCIAL ASSISTANT, ZILLA PARISHAD HIGH SCHOOL – KHADERPET – FIXATION OF PAY IN SPECIAL GRADE SCALE – IRREGULAR – NEEDS RECOVERY – Rs. 7,613/-

As could be verified from the S.R. Sri B. Narayana Rao, Social Assistant, Zilla Parishad High School, Khaderpeta was appointed to Special Grade scale in the cadre of B.Ed Assistant Grade and his pay was fixed at Rs. 9,600/- in the time scale of Rs. 5000-10600 w.e.f. 28-07-1999. But the individual was already appointed to SPP-II scale in the S.G. scale and as per Government Circular Memo No. 7275/41/A1/Admn.II/11/97 dated 24-06-1998, the employees who were allowed SPP Scale II or SAPP-II scale in the lower cadre are not entitled to be placed in the special grade post in higher cadre. Hence his pay has to be revised as detailed below.

Date	Pay to be fixed	Scale of pay	Already Fixed
28-07-1999	Rs. 9,300/-	Rs. 5000-10600	Rs. 9,600/-

01-03-2000	Rs. 9,600/-		Rs. 9,900/-
01-03-2001	Rs. 9,900/-		Rs. 10,250/-

The excess pay and allowances paid to the individual of Rs. 7,613/- would need to be recovered and subsequent excess payments also would need to be recovered.

(Para No. 20 of the Audit Report on the accounts of Secondary Education Funds)

19.2.6 ZILLA PARISHAD – NIZAMABAD DISTRICT.

SPECIAL PROMOTION SCALE TO LANGUAGE PANDIT GRADE III WITHOUT PASSING SOT – IRREGULAR – Rs. 1,950/-

Vr. No. 1119 / 06-2000 for Rs. 1,950/-

Sri Jegjeeth Singh HP II ZPHS Balkonda was awarded Special Promotion post-I scale by exempting him from passing of Departmental Test on account of 45 years of age vide Chief Executive Officer Progs. No. E3/1643/99 dated: 30-11-1999

According to clarification issued in Progs. RC No. 478/G2/96 dated: 18-06-1996 of the Commissioner and Director of School Education, A.P., Hyderabad exemption from passing of Departmental test who crossed 45 years of age is not applicable to Grade II and Gr. III Language Pundits. In spite of specific clarification issued, the individual was awarded SPP-I scale though he did not pass the SOT (Simple Oriental Test)

Due to such irregular awarding of SPP-I scale, the arrears paid to the individual amounting to Rs. 1,950/- w.e.f. 18-08-1999 to 31-12-1999 could not be admitted in audit and the same would need to be made good from the individual apart from taking action to revise the pay of the individual.

19.2.7 ZILLA PARISHAD – KANDUKAR – PRAKASAM DISTRICT.

(a) PAYMENT OF ARREARS IN CASH TO SRI P. SRINIVASULU, ASSISTANT ENGINEER FOR THE PERIOD FROM 01-07-1998 TO 31-03-1999 – IRREGULAR – NEEDS RECOVERY – Rs. 6,975/-

As verified from Voucher No. 1059/10/2000-01 pay fixation arrears of Rs. 12,405/- due to the Revised Pay Scales, 1998 were paid to Sri P. Srinivasulu, Assistant Engineer for the period from 01-07-1998 to 04-11-1999. But acquittance for the above payment was not produced to audit.

As per GO (P) No. 114 Fin & Plg (F.W.PC-I) Department dated: 11-08-1999 the RSP 1999, shall be deemed to have come into force on and from 01-07-1998 and the monetary benefit shall be allowed from 01-04-1999 only. Therefore, allowing monetary benefit from 01-07-1998 to 31-03-1999 is irregular and needs recovery from the persons responsible.

(Para No. 70 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

(b) **ALLOWING SPP-I SCALE WITHOUT PASSING OF DEPARTMENTAL TEST – IRREGULAR NEEDS RECOVERY – Rs. 28,800/-**

During the audit of Secondary Education Fund (Zilla Parishad) Nizamabad it was noticed that the following teachers were awarded SPP-I scale though they did not pass the Simple Oriental Test as prescribed in G.O. Ms. No. 151 Education Department, dated: 20-08-1998 read with Memo Rc. No. 04383/327/WHOMP/2001 of the Director of State Audit dated: 26-07-2001.

Therefore, the SPP-I scale awarded to the following ineligible employees needs immediate discontinuance and recovery of the 'pay' paid of Rs. 28,800/- with other allowances under intimation to audit.

Sl. No.	Name of the employee	Awarding of SPP Scale proceedings	Excess pay Rs.	Amount of excess pay up to 3/01	Vr. No. & Date
1	G.Venkabai, TPC, ZPHS, Kamareddy	Proc.No. 3/1644 /99 dt. 4-12-99 of the CEO / Nizamabad 10-8-99 Rs.5980-12100/10250	350	Rs. 6,300/-	852/ 24.04.2000
2	K. Mohana chary TPI ZPHS (G) Kamareddy	Proc.No. E3/1644/ 99 dt. 4-12-99 of the CEO / Nizamabad 10-9-99 Rs. 5980-12100/9600	300	Rs. 5,400/-	851/ 24.04.2000
3	K.Dharma Rao HPLI	Proc.No. E3/1643/ 99 dt. 30-11-99 of the CEO / Nizamabad 10-8-99 Rs. 5980-12100/10250	350	Rs. 6,300	528/ 24.04.2000
4	D. Janardhan HPI	Proc.No. E3/1643/ 99 dt. 30-11-99 of the CEO / Nizamabad 10-8-99 Rs. 5980-12100/9900	300	Rs. 5,400/-	536/ 24.04.2000
5	T. Sarojini Devi, TP I	Proc.No. E3/1644 /99 dt.30-11-99 of the CEO / Nizamabad 10-8-99 Rs. 5980-12100/9900	300	Rs. 5,400/-	2844/ 02.09.2000
			Total:	Rs. 28,800/-	

(Para No. 11 of the Audit Report on the accounts of Secondary Education Funds)

19.2.8 **ZILLA PARISHAD – GUNTUR DISTRICT.**

EXECUTIVE ENGINEER (PANCHAYAT RAJ) TENALI, GUNTUR DISTRICT
– PROMOTIONS/APPOINTMENTS CONTRARY TO RULES AND WITHOUT
OBSERVING QUALIFICATION NORMS.

WAGES – PAYMENT OF WAGES TO NMRS WHO CONTINUED WITHOUT
ANY APPOINTMENT ORDERS – IRREGULAR – Rs. 5,46,516/-

An amount of Rs. 5,46,516/- was spent towards daily wages to NMRs during the year under report as shown below sub Division wise. They were continued without any appointment orders of the Executive Engineer, PR Tenali. Though there is ban on recruitment of NMRs as per the orders issued by the Government in G.O. Ms. No. 287 General Administration (Service) Department, dated: 07-09-1987 read with Govt. Memo. No. 2348/Ser.4/88-2 dated: 12-08-1988 and the Chief Engineer Panchayat Raj in his circular Memo No. H1/3908/95 dated: 26-03-1985 instructed all the Executive Engineers and Deputy Executive Engineers in Panchayat Raj to disband all NMRs working in their Sub Divisions. But in violation of the above instructions, the NMRs were continued and wages were paid to them. In spite of all the above defects having been pointed out in previous years no action has been taken in this regard till the close of audit. Thus the expenditure incurred towards wages on NMRs amounting to Rs. 5,46,516/- cannot be admitted in audit and needs recovery from the person or persons responsible.

SUB DIVISION WISE DETAILS OF WAGES PAID DURING THE YEAR
2000-01

Sl. No.	Sub-Division	Wages paid Rs.
1	Tenali Sub Division-I	1,64,592/-
2	Tenali Sub Division-II	1,27,434/-
3	Ponnur Sub Division	1,41,395/-
4	Repalle Sub Division	1,13,095/-
	Total:	5,46,516/-

(Para No. 22 of the Audit Report)

19.2.9 EXECUTIVE ENGINEER – PANCHAYAT RAJ – CUDDAPAH
DISTRICT.

STATIONERY & PRINTING CHARGE – Rs. 6,95,682/-

On the following vouchers an aggregate amount of Rs. 6,95,682/- was drawn and spent towards printing charges of Forms and Registers. But no tenders were called for. As per G.O. Ms. No. 30 P.R & R.D. dated: 22-01-1999 the Andhra Pradesh State Trading Corporation, a State Government undertaking is an authorized agency in the State for printing and supply of

forms and registers at reasonable cost. But stationery was purchased locally without calling for quotations from the Andhra Pradesh State Trading Corporation or Tenders. Hence the amount of Rs. 6,95,682/- spent is held under objection.

Sl. No.	Vr. No. & Date	Details	Amount Rs.
1	974/ 13-03-2001	Purchase of computer paper supplied by Lifeline Computers, Cuddapah	3,418/-
2	327/9-2000	Printing & Stationery Registers and challans Forms for the use of Executive Engineer's office, Panchayat Raj, Cuddapah	53,700/-
3	328/9-2000	-do-	24,645/-
4	329/9-2000	-do-	17,026/-
5	330/9-2000	-do-	11,660/-
6	144/ 30-05-2000	Cost of Computer Stationery purchased from Life Line Computers, Cuddapah	4,511/-
7	133/5-2000	Purchase of Tender documents LF Books, Cash Books, Forms and Registers	1,51,950/-
8	132/5-2000	Purchase of Articles of Agreements, Stationery Registers, Forms for the office use of Executive Engineer, P.R., Cuddapah	42,800/-
9	131/5-2000	Purchase of Tender Schedules Stationery, Forms, Registers for the office use of Executive Engineer, P.R. Cuddapah	64,700/-
10	113/ 18-05-2000	-do-	1,05,000/-
11	217/ 30-08-2000	Cost of computer paper supplied by Life Line Computers, Cuddapah	4,186/-
12	218/ 30-08-2000	Computer Stationery	4,676/-
13	1215/ 16-03-2001	Stationery	8,660/-
14	158/6-2000	Stationery articles as per Progs. Rc. No. E8/Printing/2000 dt. 5-2000 of the Executive Engineer, P.R., Cuddapah	1,98,750/-

		Total:	6,95,682/-
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(Para No.29 of the Audit Report on the accounts of Executive Engineer, P.R.)

19.2.10 ZILLA PARISHAD – RANGAREDDY DISTRICT.

SANCTION AND PAYMENT OF SPECIAL FESTIVAL ADVANCE FOR PURCHASE OF HANDLOOM CLOTH FROM APCO – ADVANCE PAID IN CASH TO STAFF – IRREGULAR – Rs. 85,500/-

In the following vouchers an amount of Rs. 85,500/- was drawn and paid in cash towards Special Festival advance to the staff of office of the Executive Engineer, Panchayat Raj Division, Hyderabad including Sub-divisions for purchase of handloom cloth from APCO.

As per the Government orders the special festival advance is to be sanctioned and issued in the shape of Demand Drafts in favour of APCO, Hyderabad. But, the same was paid in cash. The purpose of sanction of this special festival advance is to promote the sale of handloom cloth products marketed by APCO. By payment of the advance in cash which can not ensure the purchase of handloom cloth from APCO, the very purpose of sanction of special festival advance is defeated.

As such, the payment of APCO advance in cash cannot be admitted in audit and held under objection. The Executive Engineer may be advised not to encourage the system of payment in cash in future.

(Para No. 65 of the Audit Report on the accounts of Executive Engineer, Panchayat Raj)

19.2.11 ZILLA PARISHAD – MEDAK DISTRICT.

(a) AMOUNT TRANSFERRED FROM GENERAL FUNDS TO EDUCATION FUNDS FOR PURCHASE OF STATIONERY TO ZILLA PARISHAD HIGH SCHOOLS – REIMBURSEMENT WANTING – Rs. 3,59,654/-

A total sum of Rs. 3,59,650/- as detailed below was drawn and transferred to Education funds. The same was paid to the Manager, Medak District Co-operative Marketing Society Ltd., Sangareddy vide cheque No. 307025 dated: 27-02-2001 towards the cost of stationery articles meant for Zilla Parishad High Schools. The P.E.O. Zilla Parishad has certified that stationery articles have been received in good condition and have been recorded at page Nos. 04 to 46 of the Stock Register. The utilisation of General funds for the purchase of stationery meant for Zilla Parishad High Schools without the previous approval of Government is irregular as per G.O. Ms. No. 446 P.R. & RD Department, dated: 24-10-1998.

Further the distribution of stationery articles among the Zilla Parishad High Schools together with the signatures of recipients are also not produced to audit for verification.

The approval of Government for utilisation of General funds to wards purchase of stationery for the Zilla Parishad High Schools needs to be produced.

1	219/9-2000	Purchase of stationery	Rs. 1,79,000/-
2	445/2-2001	-do-	Rs. 1,80,650/-
		Total:	Rs. 1,80,650/-

(Para No. 18 of the Audit report on the accounts of General Funds)

(b) **APPOINTMENT OF DAILY WAGE WORKERS WITHOUT PRIOR PERMISSION OF GOVERNMENT – CONTRARY TO ACT 2 OF 1993 – EXPENDITURE INCURRED ON PAYMENT OF WAGES – Rs. 8,00,555/-**

The following personnel were appointed from the dates shown against them after 25-11-1993 i.e., after enactment of Act 2 of 1993 without the prior permission of Government.

Sl. No.	Name of the individual	Designation	Date of appointment	Office in which appointed	Amount Rs.	Para No. in the Audit Report
1	M. Chandra Sagar	W & M Daily Wages	01-12-1999	EE (PR) Sadasivapet	28,875/-	17
2 (a)	Buchappa	Driver on NMR basis	01-03-2000	EE, RWS, Sadasivapet	6,68,143/-	15
(b)	Md. Nisar	Godown Watch Man on NMR basis	01-03-2000			
(c)	Manikyam	Plumber on NMR basis	01-03-2000			
3 (a)	Md. Allauddin	Computer Operator on daily Wages	03-02-2000	EE, RWS, Sadasivapet	75,900/-	14
(b)	Thirumala Reddy	-do-	03-02-2000	EE, RWS, Sadasivapet		
(c)	K.Rajendra Reddy	-do-	03-02-2000	EE, RWS, Sadasivapet		

4	P. Sagar Rao	Driver on daily Wages	01-03-2000	EE. PR, Siddipet	27,637/-	18
				Total:	8,00,555/-	

(i) According to Section 3(1) of Act No. 2 of 1993, the appointment of any person in any public service to any post, class, category or grade as a daily wage employee was prohibited. In Section 3(2) of the said Act it was also stated that no temporary appointment shall be made in any public service to any post in any class, category or grade without the prior permission of the competent authority (G.O. Ms. No. 146 Finance dated: 31-03-1994). Government issued notification specifying that the Government is only competent authority for the purpose of Section 3 (2) and 10 (1) of the said Act in respect of the posts in any service under the State Government and independent bodies wholly owned or controlled by the State Government vide Circular Memo No. 8513/84/A1/PC.III/ 98 dated 23-05-1998. Contrary to the above provisions, the appointments were made and expenditure was incurred to a tune of Rs. 8,00,555/-.

19.3.1 MANDAL PARISHAD – KEESARA – RANGAREDDY DISTRICT.

PURCHASE OF MAPS AND CHARTS FROM GENERAL FUND AND SUPPLIED TO SCHOOLS – IRREGULAR – HELD UNDER OBJECTION – Rs. 59,581/-

An amount of Rs. 59,581/- was drawn through voucher No. 13 and paid to M/s Prabhu Business Concerns (a Small Scale Industrial Unit), Hazarivari Street, Guntur Bill No. 12/18-04-2000 towards purchase of Maps and Charts. The following are the irregularities in these purchases.

1. As per G.O.Ms.No. 447 PR &RD (Programmes-I) Department dated 29-10-1998 in which guidelines were issued for utilisation of the General Funds of the Mandal Parishads, the above item of purchase was inadmissible item of expenditure from General Funds.
2. The specific sanction of Government as required under rule 7 of said G.O. based on the resolution passed by General Body was not obtained as required.
3. The purchases should be made duly calling for tenders as per Article 124 and 125 of A.P. Financial Code Vol. I. But no tenders were called of in this case.
4. The purchases were not covered with budget provision for the year.
5. In view of the above defects, the expenditure incurred for Rs. 59,581/- cannot be admitted in audit.

(Para No. 13 of the Audit Report on the accounts of General Fund)

19.3.2 MANDAL PARISHAD – TANUKU – WEST GODAVARI DISTRICT.

PURCHASE OF SEWING MACHINES-CERTAIN DEFECTS – Rs. 1,68,000/-

In Vr. No. 13/23-12-2001 an amount of Rs. 1,68,000/- was drawn and paid during the year 2000-2001 to Sri Rama Ratna Sales Corporation, Palacole towards the cost of 60 sewing machines. In this regard the following defects were noticed in audit.

1. As per the standing instructions of Government "Vidya" brand sewing machines have to be purchased. But "Usha Tailor Model" sewing machines were purchased, which is irregular.
2. The Sewing Machines were purchased by obtaining quotations only. No tenders were called for as required under Article 124 and 125 of the A.P. Financial Code. The reasons for not calling the tenders when huge amount incurred on purchase of sewing machines were not explained to audit.
3. According to the guidelines issued in G.M.No. 1002/P1/93-7 dated 9-8-99 of W&CW Department, the expenditure on purchase of sewing machines is to be met from the 15% earmarked funds for Women & Child Welfare to the maximum extent of Rs. 50,000/- in a year on 50 beneficiaries. But contrary to the said instructions, an amount of Rs. 84,000/- was incurred from 15% Women & Child Welfare funds during the year 2000-2001 for supply of sewing machines on 50% contribution to 60 beneficiaries, which is irregular. The ratification orders of the Government for the excess expenditure of Rs. 34,000/- would need to be obtained and produced to audit.

In view of the above defects, the expenditure of Rs. 1,60,000/- thus incurred is not admitted and held under objection. The loss, if any caused in this regard would need to be recovered from the person or persons responsible.

(b) against the amount of Rs. 84,000/- to be realized towards 50% Contribution from the beneficiaries, an amount of Rs. 78,400/- only was realized during the year 2000-2001 and the balance amount of Rs. 5,600/- has been realized through T.C. No. 3618/30-04-2001 (2001-02). Without realization of contribution, the purchase of sewing machines by meeting contribution amount from W & C.W. Fund is irregular. Such practices would need to be discontinued.

(Para No. 19 of the Audit Report)

19.3.3 MANDAL PARISHAD – ANAPARTHY – EAST GODAVARI – DISTRICT.

IRREGULAR DRAWAL OF LTC BILLS – CERTAIN DEFECTS – Rs. 33,720/-

In Proceedings Rc. No. A/197/2000 the Mandal Parishad Development Officer, Anaparthi has accorded permission to the following individuals to avail LTC along with their family members. On verification of LTC bills the following defects were noticed during audit as detailed below:

1. Sri V.D.R. Kumar, Senior Assistant:- The individual has travelled to Hyderabad and back along with his family members.
 - i) They have performed journey from 23-12-2000 to 25-12-2000.

- ii) But the modes of journey i.e., whether by bus or train was not mentioned in the TA bill form.
- iii) The list of family members was not recorded in the Service Register.
- iv) The bus tickets or train tickets numbers were not recorded in the TA bill.

In the absence of the above particulars, the genuineness of LTC bill could not be ascertained.

2. Sri A. Krishna, Attender:- The individual has travelled to Tirupathi and back along with his 3 family members and claimed for Rs. 1230/-
 - i) The mode of journey i.e whether by bus or train was not mentioned.
 - ii) Bus tickets or train tickets' numbers not recorded.
 - iii) The list of family members not recorded in the Service Register
3. Sri K.V.V.L.N. Reddy, W.K:- The individual has performed journey to Basara and back along with 5 family members.
 - i) The mode of journeys whether by Bus or Train was not mentioned.
 - ii) Bus tickets or train tickets numbers not recorded
 - iii) The list of family members not recorded in the Service Register.
4. Sri V.V. Veera Raju, Attender: - The individual has travelled to Hyderabad and back along with his 4 family members.
 - i) The mode of journey i.e., whether by bus or train was not mentioned.
 - ii) Bus tickets or train tickets' numbers were not recorded.
 - iii) List of family members not recorded in the Service Register.
5. Smt T.N. Bhramaramba, Typist: - The individual performed journey to Hyderabad on 02-12-2000 along with her 4 family members.
 - i) List of family members not recorded in her service Register.
 - ii) The mode of journey i.e. whether they performed journey by bus or train not mentioned in the bill.
 - iii) Neither the bus tickets enclosed to the bill nor the train ticket numbers noted in the bill.

6. Sri B.S. R. Kumar, Junior Assistant:- The individual has performed journey to Tirupathi on 21-12-01 along with his 3 family members and claimed Rs. 1,230/-. The individual joined into service on 6-8-97 and not completed 5 years of service to become eligible to LTC facility. Therefore, the amount claimed towards LTC may be recovered from the individual.

7. Sri I.R.K. Raju, Mandal Education Officer:- In proceedings Roc. No. A197/2000 dated 21-12-2000 the Mandal Parishad Development Officer has accorded permission to the individual to avail LTC facility along with family members to Basara and back from 23-12-2000 to 27-12-2000.
 - i) The list of family members not recorded in the Service Register duly certified by MPDO.
 - ii) The bus tickets were not enclosed with the LTC bills
 - iii) According to Government orders, the parents are not family members to the Gazetted employees. As the Mandal Education Officer is a Gazetted Officer, LTC for his parents is inadmissible.
 - iv) He claimed 1st class fares for the entitled journey i.e. from Anaparthi to Basara. But cash receipts were not produced.

8. Sri D. Srinivasa Rao, MPDO: - The individual has availed LTC facility during the year and performed journey to Tirupathi along with his family members vide proceedings Rc.No. A/197/2000 dated 08-09-2000. He performed journey on 08-09-2000 to 09-09-2000 at that time the individual was EO (RD) but acting as MPDO incharge. He submitted LTC bill on 07-12-2000 by that time the individual was promoted as MPDO. He claimed 1st class train fare for the entire journey though he was not eligible to 1st class fares.

9. Sri Ch. Sathi Reddy, Superintendent: - The individual has availed LTC along with his 3 family members to Basara and claimed 1st class fares. They travelled on 11-11-2000 to 14-11-2000.
 - i) The individual claimed 1st class train fares to his family members, but the cash receipts were not produced.
 - ii) The list of family members was not recorded in the Service Register of the individual duly certified by the MPDO.
 - iii) The individuals performed journey on 11-11-2000. The dates mentioned in the LTC bill were full of corrections.

In view of the above defects, a detailed inquiry would need to be conducted by the higher authorities into these LTC claims.

(Para No. 13 of the Audit Report on the accounts of General Funds)

19.3.4 MANDAL PARISHAD – RACHERLA – PRAKASAM DISTRICT.

ESTABLISHMENT – SRI C.VENKATESWARLU, RETIRED M.E.O. AWARDING OF SPECIAL GRADE SCALE UNDER AUTOMATIC ADVANCEMENT SCHEME – IRREGULAR – EXCESS PAYMENT NEEDS RECOVERY.

On Vr. No: 89/8-2000 an amount of Rs. 5,320/- was drawn and paid to Sri C. Venkateswarlu, Retired M.E.O. towards incremental arrears in the special grade scale vide Proceedings Rc No: 3138/A1/99 dated 19-01-2000 of the District Educational Officer, Prakasam District, Ongole. The pay of the individual was fixed @ Rs.13,000/-+25/- in the time scale of Rs. 7,400 - 15475 with effect from 03-09-1998 i.e., special grade scale after completion of 8 years service under Automatic Advancement Scheme.

On verification of the service register of the individual, it was found that he was appointed to the SPP Scale II in the cadre of B.Ed. Assistant after completion of 22 years of service on 06-04-1987 and the pay was also fixed in the scale attached to the SPP Scale II of Rs.1980-3500. While enjoying the above benefit under Automatic Advancement Scheme, he was appointed by transfer as Mandal Educational Officer, which carries a scale of Rs.1550-3050 in the RSP 1986 with effect from 03-09-1990. However, he was allowed the scale of pay of Rs.1980-3500, which is personal to him even on his appointment, by transfer as Mandal Educational Officer. In the meanwhile his pay was fixed in the scale of Rs. 3640-7580 in the RSP 1992 with reference to his pay in the scale of Rs. 1980-3500.

As per the clarification issued in Government Memo No: 7275/41/A1/ Admn-II/97, Finance & Planning (Admn-II) Department, dated: 24-06-1998 read with Government Memo No: 18310/204/A1/PC.II/2000 Finance & Planning (Fin. Wing PC.II) Department, dated: 31-08-2000, the individual was not eligible for special grade scale after completion of 8 years of service in the cadre of Mandal Educational Officer, as he was enjoying the SPP scale II in the cadre of B.Ed Asst. As such, the appointment to Special Grade Scale after completion of 8 tears of service in the cadre of Mandal Educational Officer is irregular.

The pay of the individual may be revised and excess payments made recovered.

Further, the pensionary benefits, if any drawn basing on the above said irregular pay may also be worked out, recovered and remitted to the Mandal Parishad General Funds.

(Para No: 11 of Audit Report on the accounts of General Funds)

19.3.5 MANDAL PARISHAD – SOMANDEPALLI – ANANTHAPUR DISTRICT.

SPP-I SCALE SANCTIONED TO SMT Y. RANGANAYAKAMMA S.G. ASSISTANT HAVING THE QUALIFICATIONS S.S.L.C. WITH SGBT CERTIFICATE – IRREGULAR – IN ADMISSIBLE PAYMENT NEEDS RECOVERY – Rs. 4,316/-

During the course of Audit it was noticed that Smt Y.Ranganayakamma, S.G. Assistant who joined as Special Teacher on the Forenoon of 30-01-1984 and absorbed as S.G. Assistant with effect from 23-04-1985 FN was sanctioned SPP-I Scale duly taking the period of leave on loss of pay of the individual for 68 days from 20-11-1985 to 03-01-1986 = 45 days and 02-03-1986 to 24-03-1986 = 23 days into account.

As per the clarification issued by the Director of State Audit, Andhra Pradesh, Hyderabad, in Memo Roc No: 11463/551/P1/2001 dated: 19-06-2001 with reference to G.O. Ms. No. 538 Education (Ser.II) Department, dated: 20-11-1998 and Roc No: 696/G3/2001 dated: 12-04-2001 of the Director of School Education, AP, Hyderabad the S.G. Assistants with academic qualification of Intermediate with TTC are only entitled to SPP-I Scale. Hence, orders already issued in this regard are irregular and they would need to be cancelled and got revised duly recovering the inadmissible payment of Rs. 4,316/- made to the individual and the same remitted to Elementary Education funds under intimation to Audit.

(Para No. 35 of Audit Report on the accounts of Elementary Education Funds)

19.3.6 MANDAL PARISHAD – DHAROOR – ADILABAD DISTRICT.

CASES OF PROMOTIONS / APPOINTMENTS MADE CONTRARY TO RULES.

PAY FIXED TO SRI G. CHANDRAIAH, SUPERINTENDENT UNDER FR 22-B – NOT ELIGIBLE – EXCESS PAID NEEDS RECOVERY.

In Voucher No: 3 dated: 01-04-2000, an amount of Rs. 171/- was drawn and paid to Sri G. Chandraiah, Superintendent towards pay fixation arrears under FR 22-B for the period from 23-02-2000 to 29-02-2000 due to promotion

According to proceedings No: B1/255/2000, Dated 25-02-2000 OF Mandal Parishad Development Officer his pay was fixed as shown below.

Date	Pay in Lower Post	Pay Fixed in	Rule under which pay
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		Higher Post	fixed
11-02-2000	<u>Rs. 9,000/- +10/- FP</u> TSP of Rs.5, 000- 10, 600		
Promotion as Superintendent on 23-02-2000	Rs. 9,000/-	Rs. 9,300/- +10/-FP	FR. 22 (a) (I)
01-03-2001	Rs. 9,300/-	Rs. 9,900/- + 10/-FP	FR. 22-B

The individual was enjoying special grade scale in the lower post i.e., U.D.C. So the application of Rule FR. 22-B is not correct as per orders issued in G.O. Ms. No. 290 Finance & Planning Department, dated: 22-07-1993.

As such, the pay would need to be modified as shown below and excess paid amount is worked out below and the same be recovered and credited to M.P. Funds under intimation to Audit.

Date	Pay in Lower Post	Pay in the post of Superintendent	Rule under which pay to be fixed
Promotion on 23-02-2000	Rs.9, 000/-+10/- FP in the TSP of Rs. 5,000-10, 600	Rs. 9,300/-	FR 22 (a) (I)
2/2001	Rs. 9,300/-	Rs. 9,600/-	FR 31 (2) read with FR 22 (a) (I)

Excess amount paid

Pay drawn : Rs. 9,900/- per month

Pay eligible : Rs. 9,600/- per month

Excess : Rs. 300/- per month

7 days from 23-02-2000 to 29-02-2000 at Rs. 300/- per month: Rs. 72/-

11 months from 2/2001 to 12/2001 : Rs. 3,300/-

TOTAL AMOUNT PAID IN EXCESS : Rs. 3,372/-

DA and H.R.A. paid in excess also would need to be worked out and recovered.

(Para No: 9 of Audit Report on the accounts of General Funds)

19.3.7 MANDAL PARISHADS

SURRENDER LEAVE SANCTIONED – OVER AND ABOVE THE ADMISSIBILITY.

(a) **MANDAL PARISHAD – NARASAMPET – WARANGAL DISTRICT.**

A total sum of Rs.1, 19, 860/- was drawn towards cash value of surrender of earned leave for 30 days during the year 2000-01 and paid to the teachers working in the schools under the control of Mandal Parishad. As verified from the service registers of the teachers, they were appointed on temporary basis, and the services of the individuals were not regularised as on the date of sanction of surrender leave.

Temporary Government servants appointed under Rule 10(a) (i) of A.

P. State and Subordinate Service Rules are eligible to surrender at their option, any portion of earned leave to their credit on the date of surrender not exceeding 15 days at an interval of 24 months (G.O. Ms. No. 221 Fin & Plg dated: 23-08-1974 as amended in G.O. Ms. No. 316 Fin & Plg dated: 23-08-1974 and G.O. Ms. No. 393 Fin & Plg dated: 31-12-1975)

As the services of the individuals were not regularised, they were eligible to surrender 15 days of surrender leave only but not 30 days. Consequent on sanction of surrender leave for 30 days, a total sum of Rs.59, 930/- was excess drawn and paid, which needs recovery from the teachers concerned.

(Para No. 14 of Audit Report on the accounts of Elementary Education Funds)

(b) **MANDAL PARISHAD – KOTHAGUDEM – WARANGAL DISTRICT.**

A total sum of Rs. 47,857/- was drawn towards cash value of surrender of Earned Leave for 30 days during the year 2000-01 and paid to the teachers working in Elementary Schools of Mandal Parishad. As verified from the service registers, the individuals were appointed as Secondary Grade Teachers on temporary basis and their services were not regularised as on the date of sanction of surrender leave.

Consequent on irregular sanction of surrender leave for 30 days instead of 15 days, a sum of Rs. 23,928/- was excess paid to the individuals which needs recovery from the teachers concerned.

(Para No. 11 of the Audit Report)

(c) **MANDAL PARISHAD – JADCHERLA – MAHABOONAGAR DISTRICT.**

A total sum of Rs. 71,702/- was drawn towards surrender of Earned Leave for 30 days to the teachers working in Mandal Parishad, during the year 2000-01. As verified from the service registers, the following individuals were sanctioned 15 days of surrender leave during the year 1999-2000.

As per the instructions issued in G.O. Ms. No. 221 Finance & Planning Department, dated: 23-08-1974 read with G.O. Ms. No. 316 Finance & Planning Department, dated: 26-11-1974 and G.O. Ms. No. 393 Finance & Planning Department, dated: 31-12-1975, employees are eligible for surrender of earned leave for 30/15 days within the interval of 24/12 months in a financial year. As the teachers availed 15 days of surrender leave during the year 1999-2000, they are eligible for surrender of 15 days only during the financial year 2000-01, but not 30 days.

Consequent on sanction of 30 days instead of 15 days during the year 2000-01, a sum of Rs. 35,854/- was excess drawn paid which needs recovery from the teachers concerned.

Vr. No.	Sl. No.	Name & Designation Sri / Smt	Amount Drawn in Rs.	Amount Admissible in Rs.	Excess Amount Paid in Rs.
31 / 12-2000	1	Dasarath, Asst. Teacher.	12,617/-	6,309/-	6,308/-
	2	Swarna, HM	6,659/-	3,330/-	3,329/-

	3	V. Srinivasulu, HM	8,343/-	4,172/-	4,172/-
	4	K. Sridevi, Asst.	8,227/-	4,114/-	4,113/-
	5	K. Balaraj, Asst.	6,189/-	3,095/	3,094/-
	6	Pentaiah, HM	7,221/-	3,611/-	3,610/-
	7	S.Pentoji, Asst.	12, 632/-	6,316/-	6,316/-
	8	G. Gopal Reddy, Asst.	9,814/-	4,907/-	4,907/-
		Total:	71,702/-	35,854/-	35,848/-

(Para No. 15 of Audit Report on the accounts of Elementary Education Funds)

19.3.10 MANDAL PARISHAD – CHEEMAKURTHY – PRAKASAM DISTRICT.

PURCHASE OF LIBRARY BOOKS – PAYMENT OF PACKAGE AND TRANSPORT CHARGES – EXCESS PAID – Rs. 2,772/-

A total sum of Rs. 99,807/-was spent towards purchase of library books for supply to the schools managed by the Mandal Parishad during the year.

As seen from the bills issued by M/s Manjeera Books Enterprises, Vijayawada, a sum of Rs. 7,393/- was added to the total cost of books towards package and transport charges.

As verified from the connected file, 5% of package and transport charges were agreed to be added to the total cost which comes to Rs. 4,621/-But a sum of Rs. 7,397/-was paid towards package and transport charges instead of Rs.4,621/-. Thus, a sum of Rs. 2,776/- was excess paid resulting in loss to the funds of Mandal Parishad.

(Para No. 9 of the Audit Report on the accounts of Elementary Education Funds)

19.3.11 MANDAL PARISHADS – RANGA REDDY & GUNTUR DISTRICTS.

VEHICLE HIRE CHARGES – EXCESS EXPENDITURE INCURRED CONTRARY TO GOVERNMENT ORDERS.

(i) A total sum of Rs. 11,000/- was spent towards vehicle hire Charges @ Rs. 2,750/- p.m. for 10/2000, 9/2000 and 2/2001 for the tours performed.

As per G.O. Rt. No. 341 Fin & Plg Department, dated: 04-03-1996, hiring of vehicle should be made at the rate not exceeding Rs. 275/- per a day including propulsion charges for 5 days in a month. Thus, a sum of Rs. 1,375/- is admissible for hire charges per month. But violating the rules, hire charges were paid @ Rs. 2,750/- per month instead of Rs. 1,375/-. Consequent on irregular drawal, a sum of Rs. 5,500/- was excess spent which needs recovery from the persons responsible.

(Para No: 17 of Audit Report of Mandal Parishad Mominpet, Ranga Reddy District)

(ii) A total sum of Rs. 27,000/- was incurred towards Jeep hire charges during the year 2000-2001. As verified from the bills, hire charges were paid @ Rs.2, 750/- per month for the tours performed, during the months from 3/2000 to 2/2001.

Consequent on such irregularity, a sum of Rs.10,500/- was excess spent in violation of Government orders.

(Para No. 14 of Audit Report on the accounts of Elementary Education Funds of Mandal Parishad, Keesara, Ranga Reddy District)

(iii) A total sum of Rs. 26,000/- was spent towards Jeep hire charges by the Mandal Parishad @ Rs. 2,500/- and Rs. 2,000/- per month against the admissibility of Rs. 1,375/- per month for 5 days as shown below.

Vr. No & Date	Hire charges Paid Rs.	Hire charges admissible Rs.	Excess expenditure incurred Rs.
20/06-04-2000	2,500/-	1,375/-	1,125/-
22/06-04-2000	2,500/-	1,375/-	1,125/-
79/17-04-2000	2,500/-	1,375/-	1,125/-
93/20-04-2000	2,500/-	1,375/-	1,125/-
142/21-06-2000	4,000/- (2 months)	2,750/-	1,250/-

154/12-07-2000	2,000/-	1,375/-	625/-
228/09-01-2001	8,000/- (07/2000 to 10/2000)	5,500/-	2,500/-
246/07-02-2001	4,000/- (11/2000 to 12/2000)	2,750/-	1,250/-
Total:	28,000/-	17,875/-	10,125/-

The excess expenditure of Rs.10,125/- incurred should be either got ratified or recovered from the person or persons responsible.

(Para No. 23 of Audit Report of General Funds of Mandal Parishad, Bollapalli, Guntur District)

19.3.12 MANDAL PARISHAD – PENUGONDA – WEST GODAVARI DISTRICT.

ENCASHMENT OF EARNED LEAVE SALARY EXCESS PAID AGAINST THE ADMISSIBILITY – Rs. 7,805/-

Sri K. Surya Rao, Secondary Grade Teacher retired on superannuation on 31-07-1998. Consequent on his retirement, earned leave encashment salary for 111 days was drawn for Rs. 39,316/- in Voucher No. 244/4/2000 basing on the emoluments last drawn as on 31-07-1998.

As verified from the bill, the encashment of 111 days of earned leave was drawn as per the pay and allowances last drawn as on 31-07-1998 as detailed below.

Pay	Rs. 9,600.00 (RSP 1999)
FP	Rs. 6.00
HRA	Rs. 960.00
PP	Rs. 60.00
TOTAL	: Rs. 10,626 pm x 3 months = Rs. 31,878.00
For 21 days	: Rs. 10,626 pm x 21/30 = Rs. 7,438.00
Total	= Rs. 39,316.00

According to G.O. Ms. No. 114 Finance & Planning Department, dated: 11-08-1999, the pay fixation arrears in Revised Scales of Pay 1999 shall be allowed with monetary benefit from 01-04-1999 but not from 01-07-1998. Even though the pay of the individual was fixed with effect from 01-07-1998 in the Revised Scales of Pay 1999, the individual is not entitled to monetary benefit from 01-07-1998. Therefore, encashment of leave salary for 111 days shall be drawn as per his pay of Rs. 5,640/- in the existing pay scales of 1993 only. Consequent on drawal of encashment of leave salary on the basis of pay of Rs. 9,600/- in Revised Scales of Pay 1999 instead of Rs. 5,640/- in the RSP 1993, a sum of Rs. 7,805/- was excess drawn and paid to him. The excess payment made needs recovery.

(Para No. 20 of Audit Report)

19.3.13 MANDAL PARISHAD – KOTTURU – SRIKAKULAM DISTRICT.

**ARREAR CLAIM DRAWN EXCESS AGAINST THE ADMISSIBILITY –
Rs. 12,600/-**

A sum of Rs. 14,062/- was drawn in Voucher No: 564/7/2000 towards pay fixation arrears for the period from 26-01-2000 to 7/2000 and paid to Sri G. Rama Rao, Secondary Grade Teacher.

As seen from the supplemental bill, Sri G. Rama Rao, was appointed to SPP-I of Secondary Grade Teacher with effect from 26-01-2000 after completion of 16 years and his pay was fixed in SPP-I Secondary Grade Assistant. The claim from 26-01-2000 to 7/2000 arrived at Rs. 1,462/- only. But the claim was passed for payment for Rs. 14,062/-. Consequent on irregular drawal, a sum of Rs. 12, 600/- was excess paid which needs recovery from him.

(Para No. 34 of Audit Report)

19.3.14 MANDAL PARISHADS – WEST GODAVARI & CHITTOOR DISTRICTS.

FIXATION OF PAY UNDER FR 22 - B NOT ADMISSIBLE – EXCESS PAYMENT

(a) *On verification of the service book of Sri A. Buddaiah, Superintendent, it was found that his pay was erroneously fixed on his promotion as Senior*

Assistant. Sri A. Buddaiah, SPP-II Junior Assistant, was promoted as Senior Assistant with effect from 19-01-1995 and his pay was fixed under FR 22-B with effect from 19-01-1995 @ Rs. 3,880/- in the scale of Rs. 2,600- 5,580.

As per the orders issued in G.O. (P) No. 290 Finance & Planning Department, dated: 22-07-1993, the pay of an employee holding special grade / special promotion post, promoted to the post under service rules, shall be fixed under FR 22 (a) (i). As the individual has been enjoying the benefits of Automatic Advancement Scheme at the time of his promotion, he is not entitled for fixation of pay under FR 22-B in the promotion post of Senior Assistant.

Consequent on irregular fixation of pay under FR 22-B, a sum of Rs. 23,050/- was excess paid to the individual which needs recovery and his pay should be revised immediately to stop further excess payments.

(Para No. 155 of Audit Report of General Funds of Mandal Parishad, Gampalagudem, Krishna District)

(b) Sri P. Laxmaiah, Senior Assistant was promoted as E.O.R.D. with effect from 03-04-1999 and his pay was fixed initially under FR 22 (a) (i) with effect from 03-04-1999 @ Rs. 8,700/- and refixed under FR 22-B with effect from 01-12-1999 @ Rs. 9,300/- i.e., on the date of accrual of increment in the lower post, in the scale of Rs. 5,000-10,600. As verified from the service register, the individual enjoyed SPP-II scale of Junior Assistant in the scale of Rs. 2,600-5,580 and promoted as Senior Assistant with effect from 25-09-1993 and his pay was fixed under FR 22 (a) (i) in the scale of Rs. 2600-5580 which is the corresponding scale of E.O.R.D.

Government have issued orders under para X of G.O. Ms. No. 290 Finance & Planning Department, dated: 22-07-1993, that fixation of pay of an employee who is holding special grade/ special promotion post, when promoted to a higher post under service rules, shall be fixed under FR 22 (a) (i) and not under FR 22-B.

Consequent on fixation of pay under FR 22-B, a sum of Rs. 10,614/- was excess paid to the individual. Such excess amount paid needs recovery apart from revising his pay.

(Para No. 23 of Audit Report of General Funds of Mandal Parishad, PTM, Chittoor District)

19.3.15 MANDAL PARISHAD – KALAKADA – CHITTOOR DISTRICT.

EXCESS EARNED LEAVE CREDITED TO TEACHERS FOR PARTICIPATION IN HOUSE LISTING PROGRAMME DURING 2000-01.

During the course of audit, it was noticed that the teachers who attended house listing programme during 2000-01 were credited with earned leave of 24 days and again 6 days in regular course was also credited.

But the teachers had availed 17 days of vacation and forgone only 31 days. Hence the earned leave to be credited to their accounts was only 24 days including the advance credit of 6 days in two spells i.e., 3 days on 1st January and 3 days on 1st July.

Hence the credit of earned leave for 6 days after allowing 24 days is irregular.

Early action would need to be taken to reduce 6 days of earned leave credit in the Service Register of the teachers and the same produced for verification in audit.

(Para No. 15 of the Audit Report on the Elementary Education Funds)

19.3.16 MANDAL PARISHAD – WEEPANAGANDLA – MAHABUBNAGAR DISTRICT.

PAYMENT OF ADVANCE FOR PURCHASE OF MOTOR CYCLE FROM EDUCATION FUNDS – I REGULAR – Rs. 90,000/-

In Vr. No. 41 dated: 18-04-2000 an amount of Rs. 90,000/- was drawn from Education Funds and was paid to the following teaching staff towards motor cycle advance. The said advance was paid from Elementary Education Funds instead of General Funds, which is irregular. However, the recoveries are effected from the teachers regularly. The Mandal Educational Officer may be informed to effect the recoveries together with interest from the teachers and the same credited to Elementary Education Funds.

Sl. No.	Name of the Teacher	Amount paid Rs.
1	Sri Sudhakar Reddy, Head Master, P.S. Ayywarapally	30,000/-
2	Sri P.Manikya Reddy, Head Master, PS Ammaipally	30,000/-
3	Sri B.Ramachandra Rao, Assistant, PS. Jutprol	30,000/-
	Total:	90,000/-

(Para No. 13 of the Audit Report on the Elementary Education Funds)

19.3.17 FURNITURE PURCHASED FOR OFFICE USE DURING BAN PERIOD AGAINST GOVERNMENT ORDERS – Rs. 73,262/-

A total sum of Rs. 73,262/- as detailed below was incurred on purchase of furniture to office. Government in its G.O. Ms. No. 148 dated: 21-10-2000 read with Govt Memo. No. 60173/AR&T1/99-1 GA (AR&T) Department, dated: 24-12-2000 and G.M. No. 183-A/22/TFR/2002 dated: 01-02-2002 imposed ban on purchase of furniture except for hospitals, hostels, residential schools, colleges and Raj Bhavan upto 31-03-2003. In spite of the said Government orders furniture worth Rs. 73,232/- was purchased without specific permission

of Government as detailed below for office use which is against to Government orders.

Sl. No.	Name of the Mandal Parishad & District	Name of the fund	Amount Rs.	Para No of the Audit Report
1	MandaMarri, Adilabad.	General Funds	34,280/-	17
2	Chennur, Kadapa.	General Fund	17,685/-	17
3	Chennur, Kadapa.	Elementary Education Fund	21,297/-	12
		Total:	73,262/-	

19.4.1 GRAM PANCHAYAT – PEDAPARUPUDI – KRISHNA DISTRICT.

WORKS – EXECUTION OF WORKS – ENTRUSTMENT OF WORKS ON NOMINATION – TENDERS NOT CALLED FOR – IRREGULAR – Rs. 1,91,882/-

The under mentioned works were entrusted to one Uppalapati Satyanarayana, Contractor on nomination without calling for Tenders. The reasons for such entrustment were not recorded. No attempt was made to execute the works Departmentally in case of any difficulty in calling for tenders. Consequently the payment of Rs. 1,91,882/- made to the Contractor as detailed below against each work is held under objection in audit.

Sl. No.	Name of the work	Estimated value Rs.	Value of work done Rs.	Payment made Rs.	Vr. No. & Date
1	Metal Road from the house of J. Charyulu to the house of M. Venkateswara Rao	26,500/-	25,772/-	24,189/-	16/ 10-5-2000
2	Spreading of Metal from R&B Road to the house of A. Venkateswara Rao	10,200/-	7,557/-	7,268/-	17/ 10-5-2000
3	Internal Roads in Harijanawada	33,300/-	30,615/-	30,615/-	18/ 01-5-2000
4	Spreading of Metal from R&B Road to P.Venka Teswara Rao's house	22,000/-	21,422/-	20,225/-	19/ 10-5-2000

5	Spreading of Metal from G. Punneswara Rao's house to the house of Ratnam	30,000/-	28855/-	26,644/-	20/ 10-5-2000
6	Internal Roads in Chintal Matapalle	38,000/-	15,773/-	11,059/-	21/ 10-5-2000
7	Internal Roads in the village	27,110/-	28,520/-	10,877/-	24/ 10-7-2000
8	Rubbish from the house of Subbaiah to the house of N.Bhushanam	10,000/-	9,582/-	9,046/-	26/ 10-7-2000
9	Rubbish to internal roads in the village	34,000/- 51,000/-	26,405/-	24,929/-	27/ 10-7-2000
10	Water tap at R.Suraiah's house	4,700/-	4,563/-	4,557/-	18/ 10-7-2000
11	Water tap at R. Babu Rao's house	4,700/-	4,563/-	4,557/-	29/ 10-7-2000
12	Water tap at Temple	6,500/-	6,284/-	6,284/-	30/ 10-7-2000
13	Digging of side drains in the village	-	8100/-	7800/-	31/ 10-7-2000
			Total:	1,88,050/-	

Out of the above an amount of Rs. 1,20,000/- was paid in cash which is highly irregular.

(Para No. 12 of the Audit Report)

19.4.2 GRAM PANCHAYAT – AMARAPURAM – ANATHAPUR DISTRICT.

PURCHASE OF ELECTRICAL GOODS STATIONERY, BLEACHING POWDER, PHENYL, CHAPPALS AND OTHERS – TENDERS NOT CALLED FOR AND OTHER IRREGULARITIES – STOCK ENTRIES NOT PRODUCED – Rs. 61,220/-

An aggregate amount of Rs. 61,220/- was spent on the following vouchers as detailed below towards purchase of Electrical goods, stationery, chappals, furniture and Bleaching Powder etc.,

Sl.	Voucher No.	Particulars	Amount
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No.	& Date		Rs.
1	49/ 02-06-2000	Purchase of PH Contingencies Bill No. 8/ dated: 02-06-2000	1,200/-
2	73/ 10-07-2000	Purchase of electrical goods from B.R. Nagaraju, Amarapuram	5,200/-
3	74/ 10-07-2000	Purchase of PWS material from Chandana Electricals, Amarapuram B. No. 14/dt. Nil	3,800/-
4	101/ 06-09-2000	Purchase of phenyl, Bleaching powder from Mallikharjuna Stores, Hindupur Bill No. 611/dt. Nil	1,750/-
5	103/ 06-09-2000	Purchase of electrical goods from Balaji Iron Mart, Hindupur	3,725/-
6	104/ 06-09-2000	Purchase of electrical goods from Rushiba Electricals, Hindupur, Bill No. 2403/ dated: 06-09-2000	1,275/-
7	107/ 11-10-2000	Purchase of electrical goods from Sree Lakshminarasimha Electricals, Ananthapur Bill No. 80/dt. 11-10-2000	4,800/-
8	108/ 16-11-2000	Purchase of bleaching powder, Phenyl and Lime from Balaji Fancy Stores, Madakasira	10,000/-
9	138/ 05-12-2000	Purchase of electrical goods from Sree Laxminarasimha Electricals, Anantapur, Bill No. 451/22-12-2000	4,600/-
10	145/ 22-12-2000	Purchase of PWS materials from KVS Agencies, Amarapuram	4,960/-
11	146/ 22-12-2000	Purchase of PWS materials from KVS Agencies, Amarapuram Bill No. 451/ 22-12- 2000	3,524/-
12	147/ 22-12-2000	Purchase of electrical goods	4,586/-
13	173/ 04-01-2001	Purchase of stationery from Krishna Agencies, Amarapuram Bill No. 1324/ dated: 01-01-2001	8,600/-
14	174/ 04-01-2001	Purchase of PH Contingencies from Bharatraju, Amarapuram Bill No. 7/4/1/ 2001	3,200/-
		Total:	61,220/-

The above purchases were made by calling for quotations. As the expenditure incurred was more than Rs. 10,000/- sealed tenders should have been called for duly publishing the tender notice in the Daily newspaper having circulation in the District. The Sub vouchers and stock entries were also not produced for audit. In the absence of the same it can not be ensured that the articles stated to have been purchased were utilised properly.

(Para No. 17 of the Audit Report)

19.4.3 GRAM PANCHAYAT – GUDIBANDA – ANANTHAPUR DISTRICT.

PURCHASE OF ELECTRICAL GOODS, STATIONERY, BLEACHING POWDER, PHENYL, CHAPPALS AND OTHERS TENDERS NOT CALLED FOR AND OTHER IRREGULARITIES – STOCK ENTRIES NOT PRODUCED – Rs. 70,299/-

An aggregate amount of Rs. 70,299/- was spent on the following vouchers as detailed below towards purchase of electrical goods, stationery, chappals, furniture and bleaching powder etc.

The above purchases were made by calling for quotations. As the expenditure incurred was in excess of Rs. 10,000/-, sealed tenders should have been called for duly publishing the tender notice in the Daily Newspaper having circulation in the District as required under rules relating to contracts for supply of materials, goods and services. The stock and issue accounts were also not produced to audit. In the absence of the same it can not be ensured that the articles stated to have been purchased were utilised properly.

Sl. No.	Voucher No. & Date	Particulars	Amount Rs.
1	1/ 22-04-2000	Purchase of PWS materials to Singampalli PWS scheme from K.V.S. Agencies, Amarapuram Bill No. 268/22-4-2000	27,800/-
2	22/ 03-05-2000	Purchase of electrical goods from Sree Laxmi Narasimha Electricals, Anantapur Bill No. 48/3-5-2000	4,800/-
3	73/ 26-07-2000	Purchase of bleaching powder, coconut brooms from Sri Balaji Fancy Stores, Madakasira Bill No. 136/dt. Nil	3,500/-
4	96/ 06-09-2000	Purchase of electrical goods from Sri K.V.S. Agencies Amarapuram Bill No. 459/dt. Nil	4,950/-
5	97/ 06-09-2000	Purchase of PVC pipes from K.V.S.Agencies, Amarapuram	4,950/-

6	101/ 29-09-2000	Purchase of PWS materials from Sri Lakshmi Narasimha Electricals, Madakasira Bill No. 3/ dt. Nil	1,650/-
7	111/ 04-10-2000	Purchase of PWS materials from Sri Laxmi Narasimha Electrical Bill No. 7 dt. Nil	2,400/-
8	127/ 05-12-2000	Purchase of bleaching powder phenyl and coconut brooms from Sri Balaji Fancy Stores, Madakasira, Bill No. 80/30-9-2000	8,500/-
9	134/ 05-12-2000	Purchase of PWS materials from Sri Laxmi Narasimha Electrical, Madakasira Bill No. 15/dt. 25-9-2000	4,549/-
10	186 / 03-2001	Purchase of PWS materials from Sri Lakshmi Narasimha Electrical, Madakasira Bill No. 33 dt. Nil	4,650/-
11	188 / 03-2001	Purchase of bleaching powder, Phenyl from Balaji Fancy Stores, Madakasira, and Bill No. 212/dt. Nil	2,550/-
		Total:	70,299/-

(Para No. 19 of the Audit Report)

19.4.4 GRAM PANCHAYAT – BUTCHIREDDYPALEM – NELLORE DISTRICT.

PUBLIC HEALTH MATERIAL – PWS SPARE PARTS PURCHASED WITHOUT CALLING FOR TENDERS – OTHER DEFECTS – Rs. 1,51,260

The following materials of public health and PWS spare parts were purchased locally without calling for tenders though the value of the purchases is more than Rs. 10,000/-

Sl. No.	Vr. No & Date	Details of purchases	Amount Rs.
1	325/ 02-2001	P.H Articles purchased from M/s Kiran Home Products, Nellore	18,566/-
2	358/ 03-2001	P.H Articles purchased from M/s Kiran Home Products, Nellore	12,305/-

3	132/ 06-2000	P.H Articles purchased from M/s Kiran Home Products, Nellore	21,170/-
4	303/ 01-2001	P.H Articles purchased from M/s Kiran Home Products, Nellore	29,175/-
5	125/ 06-2000	Sri Sai Ram Traders, PWS Spare parts	27,940/-
6	159/ 09-2000	Purchase of G.D. Pipes	16,730/-
7	372/ 03-2001	PWS spare parts	25,374/-
		Total:	1,51,260/-

(Para No. 29 of the Audit Report)

19.4.5 GRAM PANCHAYAT – KODURU – CUDDAPAH DISTRICT.

PWS – CONTINGENCIES – PURCHASE OF SUBMERSIBLE MOTORS – REPAIRS CARRIED OUT – TENDERS NOT CALLED FOR – NOR PURCHASED ON RATE CONTRACT- Rs. 4,08,603/-

The following amounts were paid towards purchase of new submersible motors and pump sets, repairs to the existing motors etc. But neither tenders were called for, nor purchased on rate contract prices which is highly irregular. For the expenditure of Rs. 35,861/- incurred on repairs of the existing borewells also no quotations were called for and estimates were prepared. Therefore the entire expenditure of Rs. 4,08,603/- incurred during the year cannot be admitted in audit.

Sl. No.	Vr. No & Date	Details of purchases	Amount Rs.
1	38/ 09-05-2000	Paid to M/s Sri Lakshmi Electricals, Rajampet towards cost of 7.5 HP submersible pumsets and accessories	49,350/-
2	104/ 17-06-2000	Paid to M/s Venkateswara Electrical Works, Koduru towards supply of 4 submersible motor pumps –I Part	1,38,757/-
3	116/ 30-06-2000	-do- II Part	80,000/-
4	117/	-do- Final payment	20,000/-

	05-07-2000		
5	217/ 11-09-2000	Paid to M/s Balaji Stores, Koduru (2.5 HP Bell starter with panel Board- 1 No	13,650/-
6	257/ 25-09-2000	Paid to M/s Ayappa Stores, Koduru (2 T Chain pully + Tri Pad)	15,430/-
7	409/ 12-01-2001	Paid to M/S Venkateswara Electrical Works, Meco panel Boards – 2 Nos	22,000/-
8	485/ -00-01	Paid to M/S Ayyappa Stores, Koduru towards supply of PWS materials	33,555/-
9	354/ 11-12-2000	Paid to M/s Venkateswara Re-winding Works, Koduru towards repairs to Bore wells	14,561/-
10	47/ 28-03-2000	-do-	21,300/-
		Total:	4,08,603/-

(Para No. 25 of the Audit Report)

19.4.6 **GRAM PANCHAYATS**

PURCHASE OF ELECTRICAL GOODS – EXPENDITURE IN EXCESS OF CEILING FIXED – RATIFICATION ORDERS OF GOVERNMENT – WANTING – OTHER DEFECTS.

Government in their Memo No. 44398/Pts/A1/96-1 of Panchayat Raj & Rural Development Department, dated: 09-12-1997 had fixed a ceiling on the expenditure towards purchase of Electrical goods required for street lighting like tube lights, chokes, starters, bulbs etc., @ 5% of the general funds of the Gram Panchayats whose revenue is Rs. 40,000 or more per annum. But it was observed in audit that in the following cases purchases of electrical material were made in excess of the ceiling prescribed by Government without obtaining any permission.

Sl. No.	Name of the Gram Panchayat	District	Expenditure in Rs.			Audit Para No.
			Incurred Rs.	Permissible as per order	Excess incurred	
1	Anandapuram	Vishakapatnam	53,525/-	47,806/-	5,719/-	14
2	Bonangi		45,371/-	18,492/-	26,,879/-	12
3	Mogalipuram		29,564/-	18,037/-	11,527/-	14

4	Annampalli	East Godavari	30,360/-	24,311/-	6,049/-	14
5	Dattalur	Nellore	36,440/-	29,849/-	6,951/-	12

Further the following defects were also noticed in respect of other Gram Panchayats as mentioned against them.

Sl. No.	Name of the Gram Panchayat & District	Expenditure incurred In Rs.	Defects noticed	Audit Para
1	Medchal, Ranga Reddy	2,28,691/-	a) Tenders not called for b) Stock entries not pointed out	20
2	Shamshabad, Rangareddy	2,79,789/-	a) Tenders not called for. b) Stock entries not pointed out	23
3	Pamidi, Ananthapur	1,37,940/-	a) Tenders not called for. b) Stock entries not pointed out.	17
4	Satyavedu, Chittoor	73,955/-	District Collector's instructions not followed	13
5	Nagari, Chittoor	4,02,906/-	District Collector's instructions not followed	17
6	Pasalapudi, East Godavari	82,593/-	a) District Collector's instructions not followed b) Stock entries not pointed out	5
7	Valluripalem, Krishna	1,84,715/-	Stock entries not pointed out	10
8	Vejayyammamet, East Godavari	1,16,336/-	a) District Collector's instructions not followed. b) Stock entries not pointed out	15
	Total:	15,06,925/-		

15. NON-REMITTANCE OF DEDUCTIONS / RECOVERIES FROM WORK BILLS / PAY BILLS

20.1 It was noticed during audit that various deductions / recoveries effected from the work bills / pay bills were either not remitted to Government or a part of them only were remitted in spite of statutory obligation to remit the same to Government account with in a prescribed time under the relevant statutory provisions which also include penalty as well as prosecution for non adherence.

20.2 The deductions normally made from work bills / pay bills that are to be remitted to Government account are

Work Bills

- 7. Income Tax
- 8. Sales Tax
- 9. Seigniorage Fees

Pay Bills

- 11. Income Tax
- 12. Profession Tax
- 13. A.P.G.L.I. Premium / Loan recoveries
- 14. G.P.F. (Government Employees)
- 15. G.I.S Premium.

20.3 These defects noticed were pointed out in **91185** Audit Paras involving an amount of **Rs. 10631.34 lakhs** as shown in **Statement No. 9 (15)** appended to the Report.

20.4 Some of them are as under.

(a) **INCOME TAX RECOVERED BUT NOT REMITTED – Rs. 4,06,870/-**

Under Section 200 of Income Tax Act 1961, the authority which deducts the Income Tax from work bills or from pay bills shall remit the same to the Income Tax Department within seven days and under Section 201 of Income Tax Act, a penalty of 12% penal interest on such unpaid amount is payable besides liability for prosecution. During the year under audit, it was observed that the Income Tax deducted at source from the work bills was not remitted to the Central Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below:

Sl. No.	Name of the Institution and District	Amount deducted	Para No.
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		Rs.	
(a) ZILLA PARISHADS			
1	<i>Executive Engineer, (P.R) R.W.S, Pulivendula, Cuddapah.</i>	1,50,045/-	6
2	<i>Executive Engineer, R.W.S, Chowdepalli, Chittoor.</i>	19,424/-	10
	Total:	1,69,469/-	
(b) MANDAL PARISHADS			
1	<i>Chevella, Ranga Reddy.</i>	2,120/-	17
2	<i>Gudur, Kurnool.</i>	4,675/-	15
3	<i>Peddapalli, Karimnagar.</i>	6,133/-	20
4	<i>Atreyapuram, East Godavari.</i>	9,523/-	12
5	<i>Rajahmundry (R), East Godavari.</i>	13,908/-	17
6	<i>Ainamilli, East Godavari.</i>	2,636/-	15
7	<i>Tallapudi, Eluru, West Godavari.</i>	4,028/-	10
8	<i>Kamapur, Karimnagar.</i>	18,907/-	15
9	<i>Khammam (R), Khammam.</i>	92,511/-	26
10	<i>Nellore (R), Nellore.</i>	5,430/-	30
	Total:	1,59,871/-	
(c) GRAM PANCHAYATS			
1	<i>Tekkali, Srikakulam.</i>	34,414/-	22
2	<i>Nandikotkuru (N), Kurnool</i>	22,797/-	12
3	<i>Indrapalem, Kakinada (R) (M), East Godavari</i>	47,219/-	22
4	<i>Samarlakota (M), East Godavari</i>	26,422/-	14
5	<i>Thimmapuram (N), Kakinada (R), East Godavari.</i>	28,204/-	16
6	<i>Ballipadu, Atthili (M), Narasapuram, Guntur.</i>	2,235/-	11

7	Rayachoty, Cuddapah.	32,633/-	55
8	Narasannapeta, Warangal.	25,656/-	26
9	Kurnool, Kurnool.	18,387/-	13
10	Bangarupalli, (M) Nandyal, Kurnool.	18,129/-	8
11	Peddapalli (N), Karimnagar.	9,290/-	35
	Total:	2,46,999/-	

(b) **INCOME TAX RECOVERED BUT PARTLY REMITTED – LEAVING – BALANCE OF Rs. 13,76,334/-**

It was noticed in Audit that in a few cases though Income Tax was deducted at source from the works bills, the same was not fully remitted to Central Government account resulting in balances left with the Institutions attracting penalty of 12 % interest on such unremitted amounts besides liability for prosecution. A few of such defects noticed are as under.

Sl. No.	Name of the Institution and District	Amount deducted Rs.	Amount Remitted Rs.	Balance to be remitted Rs.	Para No.
1.	Executive Engineer, (P.R), Kothagudem, Khammam.	9,49,861/-	4,08,791/-	5,41,070/-	15
2.	Executive Engineer, (P.R), Nagarkurnool, Mahaboobnagar.	12,73,234/-	8,60,938/-	4,12,296/-	37
3.	Executive Engineer, (P.R), Bhadrachalam, Khammam.	5,42,634/-	2,72,448/-	2,70,186/-	9
4.	Nuziveedu, Krishna.	6,65,690/-	6,53,790/-	11,900/-	60
5.	Machilipatnam, Krishna.	27,26,580/-	25,85,698/-	1,40,882/-	81
			Total:	13,76,334/-	

(c) SALES TAX RECOVERED FROM THE WORK BILLS-NOT REMITTED TO STATE FUNDS:

Under A.P.G.S.T. Act, 1957 as amended from time to time and as per the Circular Memo No. MN3/APGST/8741/95 dated: 08-04-1996 of the Engineer in Chief (P.R.) Hyderabad, Sales Tax has to be recovered from the work bills and remitted to State funds within a week from the date of recovery, failing which the drawing officer has to pay personally 24% penal interest besides the amount to be remitted to State funds.

It was observed that Sales Tax deducted at source from the Work bills was not remitted to the State Government account till the close of audit. Such irregularities noticed were pointed out in the relevant audit reports. A few of such cases are mentioned below: -

Sl. No.	Name of the Institution & District	Amount Deducted Rs.	Audit Para No.
ZILLA PARISHADS			
1	Zilla Parishad, Kadapa.	1,30,722/-	67
2	Executive Engineer (RWS) Chowdepalli, Chittoor.	31,328/-	10
3	Executive Engineer, (PR) Nagarkurnool, Mahabubnagar.	14,41,403/-	37
4	Zilla Parishad, Krishna, Machilipatnam.	10,14,236/-	60
	Total:	26,17,689/-	
MANDAL PARISHADS			
1	Nagayalanka, Krishna.	8,835/-	19
2	Machereddy, Nizamabad.	2,272/-	21
3	Autreyapuram, East Godavari.	8,411/-	12
4	Rajahmundry, East Godavari.	7,687/-	17
5	Tallapudi, West Godavari.	3,292/-	10
6	Pentapudi, West Godavari.	7,754/-	9
7	Kamanpoor, Karimnagar.	18,614/- 3,536/-	15
8	Bhattiprolu, Guntur.	6,562/-	11
	Total:	66,963/-	

GRAM PANCHAYATS			
1	Veeravasaram, West Godavari.	8,714/-	14
2	Nandikotkuru, Kurnool.	28,746/-	12
3	Piduguralla, Guntur.	22,310/-	22
4	Timmapuram, East Godavari.	11,821/-	19
5	Narasannapet, Warangal.	25,608/-	26
6	Nandyala, Kurnool.	6,136/-	8
	Total:	1,03,335/-	

(d) **SALES TAX RECOVERED FROM THE WORK BILLS-BUT PARTLY REMITTED TO STATE FUNDS.**

It was noticed in audit that in a few cases though Sales Tax was deducted at source from the Work Bills, the same was not remitted fully to State Government account resulting in balances left with the institutions attracting penalty of 24% interest on such unremitted amounts. A few such defects noticed are detailed hereunder:-

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Remitted Rs.	Amount to be remitted Rs.	Para No.
ZILLA PARISHADS					
1	Executive Engineer (PR) Jagityal, Karimnagar.	26,57,251/-	20,55,061/-	6,02,190/-	61
2	Executive Engineer (PR), Kothagudam, Khammam.	29,14,173/-	13,68,842/-	15,45,331/-	16
3	Executive Engineer (PR) Bhadrachalam, Khammam.	1,53,884/-	73,717/-	80,167/-	9
4	Machilipatnam, Krishna.	28,58,463/- 1,06,103/-	24,41,498/- -	4,16,965/- 1,06,103/-	81
5	Executive Engineer (PR), Kavali, Nellore.	6,38,779/- 3,21,640/-	5,74,799/-	63,980/- 3,21,640/-	36

	Total:	1,37,96,802/-	82,56,970/-	51,40,235/-	
MANDAL PARISHAD					
1	<i>Eluru, West Godavari</i>	22,333/-	15,021/-	7,312/-	9

(e) **SEIGNIORAGE CHARGE COLLECTED BUT NOT REMITTED TO STATE FUNDS.**

As per G.O. Ms. No. 404 Industries and Commerce Department, dated: 05-10- 1994, seigniorage charges and cess collected from the work bills are to be credited to consolidated fund of State Government through the concerned Assistant Director of Mines & Geology of the District. During the year under audit, it was observed that though amounts were recovered from the work bills towards seigniorage charges, the same were not remitted to State Government funds till the close of Audit. Such inaction was pointed out in the relevant audit reports.

Some of such instances are listed below:

Sl. No.	Name of the Institution & District	Amount Deducted Rs.	Audit Para No.
(a) ZILLA PARISHADS			
1	<i>Executive Engineer (RWS) Choudepalli, Chittoor</i>	26,719/-	10
2	<i>Executive Engineer (PR) (RWS) Pulivendala, Kadapa.</i>	50,884/-	67
3	<i>Zilla Parishad, Nizamabad District.</i>	5,17,636/	22
4	<i>Executive Engineer (PR) Tenali, Guntur.</i>	10,909/-	55
	Total:	6,06,148/-	
(b) MANDAL PARISHADS			
1	<i>Atreyapuram, East Godavari.</i>	20,965/-	12
2	<i>Rajahmundry, East Godavari.</i>	15,135/-	17
3	<i>East Godavari, East Godavari.</i>	6,307/-	16
4	<i>Tallapudi, Eluru, West Godavari.</i>	19,664/-	10
5	<i>Bodhan, Nizamabad.</i>	3,06,381/-	20
6	<i>Armoor, Nizamabad.</i>	18,256/-	27

7	Ananthapur, Ananthapur.	86,054/-	11 (GF)
8	Yadiki, Ananthapur.	4,444/-	19
9	Kamapur, Karimnagar.	77,698/-	15
10	Bhattiprolu, Guntur.	18,085/-	11
11	Nellore, Nellore.	7,320/-	30
	Total:	5,80,309/-	
(c) GRAM PANCHAYATS			
1	Nandikotkuru (N) Kurnool. District	44,989/-	12
2	Indrapalem, Kakinada Rural (M) East Godavari.	75,109/-	22
3	Thimmapuram (N) Kakinada ® Mandal, East Godavari.	28,478/-	16
4	Vetlapalem, Samalkota Mandal, East Godavari.	51,011/-	14
5	Nanduru, Eluru, West Godavari.	4,026/-	13
6	Vendra, Palakoduru (M), Eluru, West Godavari.	11,120/-	11
7	Ballipudi, Athili Mandal, West Godavari.	4,392/-	11
8	Rayachoti Mandal, Cuddapah.	1,16,398/-	55
9	Uravakonda, Ananthapur.	6,488/-	18
10	Husnabad(N), Karimnagar.	3,580/-	28
11	Piduguralla, Guntur.	35,638/-	21
12	Rayavaram, East Godavari.	12,108/-	8
13	Tekkali, Srikakulam.	79,075/-	23
14	Narasannapet, Warangal.	46,038/-	26
15	Kalyanadurga, Ananthapur.	31,376/-	13
16	Peddapalli (N) Karimnagar.	15,798/-	35
	Total:	6,31,340/-	

(f) **SEIGNIORAGE CHARGES COLLECTED – PARTLY REMITTED TO STATE FUNDS.**

As per G.O. Ms. No. 404 Industries & Commerce Department dated: 05-10-1994 seigniorage charges and cess collected from the work bills has to be credited to consolidated fund of State Government through the concerned Assistant Director, Mines & Geology of the District. During the year under audit, it was noticed that though amounts were recovered from the work bills towards seigniorage charges, the same were not remitted to State Government Funds fully till the close of audit.

A few of such cases pointed out in the Audit Reports are mentioned below.

Sl. No.	Name of the Institution and District	Amount deducted Rs.	Remitted Rs.	Balance to be remitted Rs.	Para No.
(i) ZILLA PARISHAD					
1	Executive Engineer (P.R.) Nagarkurnool, Mahabubnagar	18,49,373/-	9,40,550/-	9,08,823	37
2	Executive Engineer (P.R.) RWS, Ongole, Prakasam.	7,60,345/-	4,31,179/-	3,29,166	9
3	Executive Engineer (PR) Bhadrachalam, Khammam. District	12,05,427/-	7,75,824/-	4,29,603/-	9
4	Executive Engineer (PR) RWS, Jagtial, Karimnagar.	45,31,688/-	32,99,412/-	12,32,276/-	60
5	Nuziveedu, Krishna.	14,42,777/-	12,55,800/-	15,79,014/-	60
6	Machilipatnam, Krishna.	42,64,000/-	27,75,359/-	14,88,641/-	81
	Total:	1,81,25,044/-	1,16,44,411/-	64,80,633/-	
(ii) MANDAL PARISHAD					
1	Pentapadu, Eluru, West Godavari.	51,158/-	7,860/-	43,298/-	9

(g) **PROFESSION TAX RECOVERED BUT NOT REMITTED TO STATE FUNDS:**

In pursuance of the A.P. Tax on Profession, Trades Calling and Employment (Act No. 22 of 1987) instructions were issued in G.O. Ms. No.

2102 Finance & Planning (F.W.PT-I) Department, dated: 21-08-1987 for the levy of profession tax on persons earning salary or wages and for deduction of profession tax payable by such person from his salary/wage paid by the employer. The employer is liable to pay the tax on behalf of all such persons irrespective of whether such deduction has been made or not and whether the salary / wage is paid or not.

The Government order has specified that the tax would be deducted from the monthly pay bills of the employee at the rate prescribed from time to time and the deduction made from salary bills should be credited to the State funds immediately. But it was noticed in audit that the Profession Tax deducted from the pay bills of the employees was not remitted to State Funds till the close of audit and such lapses were pointed out in the relevant Audit reports - a few of such cases are as under:

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Audit Para No.
1	Zilla Parishad, Ananthapur.	11,960	23
2	Mandal Parishad, Thondangi, East Godavari.	4,140/-	35
3	Mandal Parishad, Ipur, Guntur.	2,520/-	32

(h) **PROFESSION TAX RECOVERED BUT PARTLY REMITTED TO STATE FUNDS.**

It was noticed in audit that out of the total amount of Rs. 32,290/- deducted towards Profession Tax from the pay bills of the employees an amount of Rs. 29,410/- only was remitted to State funds leaving a balance of Rs. 2,980/-

(Para No. 29 (a) of the Audit Report on the accounts of Mandal Parishad Ballikurava of Prakasam District)

(i) **A.P.G.L.I. PREMIA DEDUCTED FROM PAY BILLS – BUT NOT REMITTED TO STATE FUNDS.**

(a) The A.P.G.L.I. Scheme has been extended to P.R. Employees vide G.O. Ms. No. 212 Finance & Planning dated: 17-12-1997 w.e.f. 01-01-1998. As per the instructions contained under the A.P.G.L.I. scheme the premia should be deducted from the pay bills. Such premia amount should be remitted to State Funds. But it was noticed in audit that the premia amount deducted from the pay bills of the employees was not remitted to State funds in certain cases as shown below:

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Audit Para No.
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1	Zilla Parishad, Executive Engineer (PR) Jangareddygudem, Eluru, West Godavari.	3,405/-	15
2	Zilla Parishad Nagarkurnool, Mahabubnagar.	1,09,643/0	23
3	Mandal Parishad, Ghanpur, Warangal.	11,296/-	16

(j) **A.P.G.L.I. PREMIA DEDUCTED FROM PAY BILLS – BUT NOT REMITTED FULLY TO STATE FUNDS.**

It was noticed that in certain cases as shown below the APGLI premia deducted from the pay bills was not remitted fully to State funds.

Sl. No.	Name of the Institution and District	Amount deducted Rs.	Amount remitted Rs.	Balance Rs.	Audit Para No.
1	Mandal Parishad Ballikuruva, Prakasam	5,64,600/-	5,15,253/-	49,347/-	29 (a)
2	Mandal Parishad Voletivaripalem, Prakasam	2,27,160/-	2,24,997/-	2,163/-	39
3	Mandal Parishad Atmakur, Nellore	10,966/-	6,874/-	4,092/-	21
	Total:	8,10,851/-	7,52,699/-	58,152/-	

(k) **G.P.F. SUBSCRIPTIONS DEDUCTED FROM THE PAY BILLS BUT NOT REMITTED TO CONCERNED HEAD:**

As per rule 10(1)m of G.P.F. Rules, 9% of the basic pay of an employee (without insurance) has to be compulsorily recovered towards monthly subscriptions to his G.P.F Account. Such deduction made should be remitted to the concerned authority for crediting the same to his/her GPF account. Due to non-remittance of the amounts deducted from the pay bills of the employees, the employees were put to loss as they loose interest on their subscriptions for no fault of theirs.

Some such cases of non-remittance are shown below:

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Audit Para No.
1	Zilla Parishad, Executive Engineer (PR) Jangareddygudem, Eluru, West Godavari.	34,940/-	61

2	Zilla Parishad, Machilipatnam, Krishna.	21,450/-	81
3	Mandal Parishad, Thondangi, East Godavari.	76,240/-	35
4	Mandal Parishad, Ipur, Guntur.	98,800/-	32
5	Mandal Parishad, I. Polavaram, East Godavari	3,86,436/-	24
6	Mandalparishad, Parvathagiri, Warangal	14,887/-	22
7	Mandal Parishad, Rompicherla, Chittoor	4,541/-	4
8	Mandal Parishad, Ghanpur, Warangal	20,600/-	16
9	Mandal Parishad, Jukkal, Nizamabad	4,775/-	17
10	Mandal Parishad, Mahabubnagar	9,320/-	19

(l) **G.P.F. SUBSCRIPTIONS DEDUCTED FROM THE PAY BILLS BUT NOT REMITTED FULLY TO CONCERNED HEAD.**

It was observed that in some cases though the G.P.F. subscriptions were deducted from the pay bills, the entire amount was not remitted to concerned head of account till the close of the audit. Some such cases are shown in the statement given below.

Sl. No.	Name of the Institution and District	Amount deducted Rs.	Amount remitted Rs.	Balance Rs.	Audit Para No.
1	Zilla Parishad, Nagarkurnool, Mahabubnagar	37,020/-	20,130/-	16,890/-	23
2	Mandal Parishad Ballikurava, Prakasam	11,06,054/-	10,45,244/-	60,810/-	29
3	Mandal Parishad Voletivaripalem Prakasam	7,35,381/-	2,20,453/-	5,14,928/-	39
4	Mandal Parishad Atmakur, Nellore	1,85,835/-	72,215/-	1,13,620/-	21
	Total:	20,64,290/-	13,58,042/-	70,6,248/-	

(m) **G.I.S. PREMIA DEDUCTED FROM PAY BILLS BUT NOT REMITTED TO STATE FUNDS**

As per G.O. Ms. No. 293 Finance & Planning (F.W. Accts.II) Department, dated: 08-10-1984, Group Insurance premia has to be recovered from the pay bills and remitted to State funds. During the year under audit, it was observed that the GIS premia amounts were deducted from the pay bills but was not remitted to State funds in a few cases. Some of them are noted below.

Sl. No.	Name of the Institution & District	Amount deducted Rs.	Audit Para No.
1	Mandal Parishad Thondangi, East Godavari.	4,620/-	35
2	Mandal Parishad, Ipur, Guntur.	3,480/-	32
3	Gram Panchayat Lexettipet, Adilabad.	16,583/-	12
4	Gram Panchayat Ailapur, Adilabad.	1,230/-	24

(n) **G.I.S. PREMIA DEDUCTED FROM PAY BILLS BUT NOT REMITTED FULLY TO STATE FUNDS.**

It was further noticed that in case of Mandal Parishad Ballikuruva of Prakasam district out of the total premia of Rs. 55,000/- deducted from the pay bills, an amount of Rs. 49,920/- only was remitted to State funds leaving a balance of Rs. 5,080/-

(Para No. 29 (a) of the Audit Report on the accounts of Ballikuruva, Prakasam District)

**DIRECTOR
STATE AUDIT,
ANDHRA PRADESH,
HYDERABAD.**

Consolidated State Audit Report 2000-01 (Z.G.S)

1. DIVERSION OF GRANTS / FUNDS

6.1 Zilla Grandhalaya Samsthas are provided with funds by the State / Central Government either by way of grants or a prescribed share in the Cess, Taxes or Fees collected by the State Government. These bodies also earn income by taking up some remunerative enterprises. For Zilla Grandhalaya Samsthas in addition to the grants by the state Government. All the monies received by the local bodies form part of their general funds and they can be utilized for the purposes prescribed

under the relevant Act / Rules. However, specific grants received should be utilized for the purpose for which the grants is released.

- 6.2 *Incurring of expenditure for purposes other than the prescribed ones without specific permission of the Government / Commissioner Panchayat Raj is not permissible and it amounts to diversion of funds. In case of specific grants, the grants should be utilized only for the purpose for which the grant is released and no diversion is permissible without the permission of such grant releasing authority. But it was noticed in audit that notwithstanding such instructions, diversion of specific grants and earmarked funds is taking place. It was also observed in audit that expenditure was incurred under certain grant heads even in the absence of receipt of any grant during the year by diverting other grants. However, such cases were pointed out under the caption 'Excess Utilisation of Grants'.*

A Statement of such cases noticed is appended to the Report [Statement No. 5 (1)].

2. NON-UTILISATION OF GRANTS BEFORE LAPSABLE DATE

- 7.1 Government release special grants to the Zilla Grandhalaya Samsthas for implementing specific schemes utilising these grants. These grants are to be utilised for the purposes for which they are meant for following the guidelines issued/ norms prescribed and such utilisation should be within the date prescribed, otherwise, the grants will lapse to government, unless the lapsable date of any particular grant is extended by government or grant releasing authority.
- 7.2 *It is noticed in audit that in spite of allowing reasonable time for utilising the grant, certain Zilla Grandhalaya Samsthas did not utilise the grants released within the lapsable date and thereby huge amounts were left unutilised. The grant sanctioning authorities were also not approached for extending the utilisation period. Thus the schemes for which the grants released were not implemented effectively and totally. The unspent balances were also not refunded to the grant releasing authorities.*
- 7.3 *A few of such cases pointed out in the Audit Reports of the local bodies are detailed hereunder.*
- 7.4 **ZILLA GRANDHALAYA SAMSTHA – NELLORE – NELLORE DISTRICT.**

GRANTS – GRANTS ADJUSTED TO ZILLA GRANDHALAYA SAMSTHA ACCOUNT FOR VARIOUS PURPOSES – NOT FULLY UTILISED – UNSPENT BALANCES NOT REFUNDED TO STATE FUNDS.

During the year under audit the following grants were released and adjusted under various heads to the Zilla Grandhalaya Samstha funds. The grants adjusted, expenditure incurred during the year and unspent balances are as noted against each.

Sl. No.	Nature of Grant	Amount adjusted Rs.	Expenditure Incurred Rs.	Unspent balances Rs.
1	Special Component Plan Grant for 1998-99	27,000/-	20,678/-	6,322/-
2	Special Component Plan Grant for 1998-99	20,250/-	10,989/-	9,261/-

(Para No. 9 of the Audit Report)

3. EXCESS UTILISATION OF GRANTS / FUNDS

8.1 During the course of audit, several instances have come to the notice of audit that certain Zilla Grandhalaya Samsthas incurred expenditure in excess of the Grant-in-Aid received. The fact of incurring of such excess expenditure further implies that such expenditure was met from the unspent balances of some other grants. Necessary steps are called for to curb this sort of financial indiscipline at the earliest. The excess expenditure incurred, wherever possible, should be got reimbursed from the grant sanctioning authorities explaining the circumstances under which excess expenditure over and above the grant sanctioned became inevitable.

8.2 All such cases of excess expenditure over and above the Grant-in-aid received are detailed in **Statement No. 5 (3)** to the Report from which it could be seen that a total amount of **Rs. 343.51 lakhs** was spent in excess of the grants received which was pointed out in the relevant audit reports in **24** paras.

4. WASTEFUL EXPENDITURE

9.1 The cannons of financial propriety envisaged in Andhra Pradesh Financial Code are sacrosanct for all Government Authorities entrusted with authorising or incurring of expenditure from public funds. They are expected under Article 3 to exercise the same delligence and care in

expending public money under their control as persons of ordinary prudence would exercise in respect of their own money. Government have issued instructions through various orders and also incorporated in the statutes of local bodies the various items on which public money can be expended and the principles to be adhered to while expending on such items. Yet, it was noticed in audit that the funds of Municipalities were several times incurred without adhering to the laid down principles leading to wasteful expenditure of public money. All the cases of such wasteful expenditure observed in the audit of local bodies for the year 2001-02 were expenditures that were avoidable, extraordinary and lacked proper planning.

- 9.2 Consolidated Statement of Wasteful Expenditure incurred is annexed to the Report **Statement No. 5 (4)** from which it could be seen that an amount of **Rs. 14.00 lakhs** was pointed out as Wasteful Expenditure.

5. EXCESS PAYMENTS

- 10.1 *It was observed in audit that in several cases excess payments were made due to*

- (m) *Incorrect calculations*
- (n) *Excess totalling in Bills*
- (o) *Admission of inadmissible claims*
- (p) *Lack of knowledge of government instructions.*

- 10.2 *Consolidated statement of Excess payments [Statement No. 5 (5)] is appended to the Report. The excess payments pointed out in 64 Audit paras were involving an amount of **Rs. 38.67 lakhs**.*

A few cases of Excess Payments are mentioned below.

- 10.3 **ZILLA GRANDHALAYA SAMSTHA – MACHILIPATNAM – KRISHNA DISTRICT.**

As verified from the pension payment vouchers, the following staff who were appointed on compassionate grounds was paid Dearness Relief on Family Pension from 09/2000 onwards which is not admissible.

Sl. No.	Name of the family pensioner	Amount of Dearness Relief Paid	Period for which paid
1	Smt. A. Krishna Kumari	Rs. 1,484/-	9/2000 to 3/2001
2	Smt. K. Sitamma	Rs. 1,484/-	9/2000 to 3/2001

3	Smt. P. Nagamani	Rs. 1,386/-	9/2000 to 3/2001
4	Smt. A. Rajasulochana	Rs. 1,484/-	9/2000 to 3/2001
	Total:	Rs. 5,838/-	

Consequent on irregular drawal of Dearness Relief on family pension from 09/2000 to 3/2001, a sum of Rs. 5,838/- was excess paid from Zilla Grandhalaya Samstha funds which needs recovery from the family pensioners.

(Para No. 8 of Audit Report)

10.4 ZILLA GRANDHALAYA SAMASTHA – KURNOOL DISTRICT.

As verified from the pension payment orders and bills, the staff appointed in Zilla Grandhalaya Samstha under the compassionate appointment scheme were allowed Dearness Relief on Family pension from 09/2000 onwards contrary to the Government orders, the same needs recovery.

Sl. No.	Name of the Family Pensioner	Family Pension amount Rs.	Dearness Relief claimed on Family Pension Rs.	Month	Amount to be recovered Rs.
1	S. Khurshid Bee, Attender	1381/-	181 (13.088%)	09/2000	1,584/-
		1381/-	181/-	10/2000	
		1381/-	181/-	11/2000	
		1381/-	181/-	12/2000	
		1381/-	215/-	01/2001	
		1381/-	215/-	02/2001	
		1381/-	215/-	03/2001	
		1381/-	215/-	04/2001	
		Total:	1,584/-		
2	Y.Shakuntala	1366/-	179/-	09/2000	1,568/-

	mma, Attender	1366/-	179/-	10/2000	
		1366/-	179/-	11/2000	
		1366/-	179/-	12/2000	
		1366/-	213/-	01/2001	
		1366/-	213/-	02/2001	
		1366/-	213/-	03/2001	
		1366/-	213/-	04/2001	
		Total:	1,568/-		
3	B. Rupali Bai, Attender	1381	181	9/2000	1,584/-
		1381	181	10/2000	
		1381	181	11/2000	
		1381/-	181/-	12/2000	
		1381/-	215/-	01/2001	
		1381/-	215/-	02/2001	
		1381/-	215/-	03/2001	
		1381/-	215/-	04/2001	
		Total:	1,584/-		
4	Smt. V. Ayyamma, Attender	1381/-	181	09/2000	1,584/-
		1381/-	181/-	10/2000	
		1381/-	181/-	11/2000	
		1381/-	181/-	12/2000	
		1381/-	215/-	01/2001	
		1381/-	215/-	02/2001	
		1381/-	215/-	03/2001	
		1381/-	215/-	04/2001	

		Total	1,584/-		
5.	Smt. S.Anjamma	1388/-	182/-	9/2000	1,592/-
		1388/-	182/-	10/2000	
		1388/-	182/-	11/2000	
		1388/-	182/-	12/2000	
		1388/-	216/-	01/2001	
		1388/-	216/-	02/2001	
		1388/-	216/-	03/2001	
		1388/-	216/-	04/2001	
		Total:	1,592/-		
6	Smt. D. Hasanamma, Attender	1366	179/-	09/2000	1,564/-
		1366/-	179/-	10/2000	
		1366/-	179/-	11/2000	
		1366/-	179/-	12/2000	
		1366/-	179/-	01/2001	
		1366/-	212/-	02/2001	
		1366/-	212/-	03/2001	
		1366/-	212/-	04/2001	
		Total:	1,564/-		
7	Smt. K.Ramalaksh mamma, Attender	1381/-	181	09/2000	1,584/-
		1381/-	181/-	10/2000	
		1381/-	181/-	11/2000	
		1381/-	181/-	12/2000	
		1381/-	215/-	01/2001	
		1381/-	215/-	02/2001	
		1381/-	215/-	03/2001	

		1381/-	215/-	04/2001	
		Total:	1,584/-		11,060/-

(Para No.10 of Audit Report)

10.5 ZILLA GRANDHALAYA SAMSTHA – NALGONDA DISTRICT.

As verified from the pension payment vouchers, Smt. M. Padmavathi, Family pensioner, was paid Family Pension along with Dearness Relief from 09/2000 to 12/2000. Smt. M. Padmavathi, W/o late Sri. M. Chandraiah, Attender, Branch Library, was appointed on compassionate grounds as Attender by the Dist. Collector, Nalgonda. Hence she is not eligible to draw the Dearness Relief on the Family Pension.

Consequent on payment of Dearness Relief on Family Pension contrary to Government orders, a total sum of Rs. 1,060/- was excess paid constituting loss to the Zilla Grandhalaya Samstha Funds.

(Para No.12 of the Audit Report)

10.6 ZILLA PARISHAD – RANGAREDDY DISTRICT.

ENCASHMENT OF EARNED LEAVE – EXCESS DRAWN AGAINST THE ADMISSIBILITY – Rs. 2,958/-

A sum of Rs.67,136/- was drawn and paid to Sri. B. Mogulaiah, Grade-III Librarian who retired on 31-07-2000 towards encashment of Earned Leave salary for 240 days in Voucher No.2229/-10/2000.

As seen from the Service Register of the individual, the earned leave at his credit as on 01-01-2000 was 225 days after effecting advance credit on 01-01-2000 i.e., upto 30-06-2000. As the individual retired on 31-07-2000, 3 days has to be credited to his leave account for the month of 7/2000. But advance credit as on 01-07-2000 was effected for 15 days and the leave encashment for 240 days was permitted instead of 228 days as on 31-07-2000 and encashment of leave salary for 240 days was drawn and paid to him. Thereby a sum of Rs.2,958/- was excess paid to the individual which needs recovery.

(Para No.9 of Audit Report)

6. NON COLLECTION OF DUES

11.1 The main source of Income to the Zilla Grandhalaya Samsthas is Library Cess. As per Section 20 of the A.P. Public Libraries Act 1961

the Municipalities and Gram Panchayats shall levy the Library Cess as a component of Property / House Tax and remit the Library Cess so collected to the Zilla Grandhalaya Samstha concerned. The rate of Library Cess at present is 8 Paise per every rupee of Property / House Tax.

11.2 *The Zilla Grandhalaya Samstha should ascertain the demand of Library Cess every year from the Municipalities and Gram Panchayats in the district and get the Library Cess remitted by them once the Property / House Tax is collected by the Municipalities and Gram Panchayats in the district.*

11.3 *But it was observed in audit that in many Zilla Grandhalaya Samsthas no serious efforts were made in this regard. The Demand, Collection and Balance Statements based on the Records of the Municipalities / Gram Panchayats were not prepared regularly / monthly which should be persuasive action with these bodies to get the Library Cess remitted to the funds of Zilla Grandhalaya Samstha is found wanting in many Zilla Grandhalaya Samsthas.*

11.4 *However based on the D.C.B Statements prepared by the Zilla Grandhalaya Samsthas huge amounts of Library Cess collected by the Municipalities and Gram Panchayats were found unremitted to the Zilla Grandhalaya Samsthas as shown **Statement No. 5 (6).***

11.5 **ZILLA GRANDHALAYA SAMSTHA**

LIBRARY CESS DEMAND- REALIZATION OF CESS FROM LOCAL BODIES NOT PROPERLY WATCHED.

Library cess being a component of property tax levied by Gram Panchayats, Municipal Councils and Municipal Corporations under the relevant Acts has to be paid to Zilla Grandhalaya Samsthas concerned.

But, as seen from the Demand Register cess realization from the local bodies was in arrears in a large number of Zilla Grandhalaya Samsthas. The Executive Authorities are not properly watching the demand and realization of cess. Further no action seems to have been taken to obtain the monthly reports from Local bodies about library cess collection as required by rules 18(1) , 9 & 20 of A.P Public Libraries Act, 1960.

On verification of Arrears Demand Register of Zilla Grandhalaya Samstha of Warangal District it was found that huge balance of library cess arrears to tune of Rs. 17,14,380/- was not realized from the Municipal Corporation, Warangal and in Zilla Grandhalaya Samstha of Srikakulam

District an amount of Rs. 2,39,412/- was un-collected from the local bodies in the District.

7. ADVANCES PENDING ADJUSTMENT

- 12.1 *It was observed during the course of audit that temporary advances paid for specific purposes were outstanding for a long time though they should have been got adjusted through detailed bills and vouchers as soon as possible as per Article 99 of A.P. Financial Code. Several objections were raised on such outstanding advances in the relevant audit reports pointing out failure of the Executive Authorities and Drawing Officers to take necessary action to get these advances adjusted.*
- 12.2 *It was also observed that certain advances are outstanding due to inaction on the part of the Drawing Officers.*
- 12.3 *A statement of such cases noticed is appended to the Report [Statement No. 5 (7)]*

12.4 ZILLA GRANDHALAYA SAMSTHA – RANGA REDDY DISTRICT.

(a) CONTINGENT ADVANCES NOT ADJUSTED – Rs. 5,000/-

During the course of audit of Zilla Grandhalaya Samstha, Ranga Reddy District Tour advance amounting to Rs. 5,000/- adjusted with detailed bills and vouchers for a long time.

(Para No. 18 of the Audit Report)

(b) ADVANCES PAID TO OTHER INSTITUTIONS – Rs. 1,17,000/-

It was noticed in audit on the accounts of Zilla Grandhalaya Samsthas, Ranga Reddy District an amount of Rs. 1,17,000/- was drawn as advance and paid to other offices such as Director of A.P., Zilla Grandhalaya Samsthas. But, the advance was not adjusted till the close of audit.

(Para No. 20 of the Audit Report)

8. VIOLATION OF RULES

- 13.1 *It was noticed in audit of the Local bodies that in some cases the Rules, Government instructions for incurring the expenditure from the funds of these local bodies were violated either due to negligence or ignorance. Certain times, the funds of the local authorities were utilised for purposes other than the permitted ones under the relevant Act / Rules. It was also noticed that in few cases Government instructions were misunderstood or misinterpreted. Such irregular expenditure*

incurred was objected in the relevant audit reports. **48** audit objections involving an amount of **Rs. 24.57 lakhs** were raised in the relevant Audit Reports as shown in [**Statement No. 5 (8)**] annexed to the Report.

A few of them are as under.

13.2 **ZILLA GRANDHALAYA SAMSTHA – KARIMNAGAR DISTRICT.**

PAYMENT OF LEAVE TRAVEL CONCESSION FOR THE BILLS SUBMITTED AFTER 30 DAYS – 15% CUT NOT IMPOSED – IRREGULAR – NEEDS RECOVERY – Rs. 14,425/-

An amount of Rs. 96,106/- was drawn and paid towards the leave travel concession availed by the employees.

The claims were not preferred within one month (30 days) from the last date of return journey.

The claims should be preferred within one month (30 days) from the date of return journey as per Rule 11(1) of the LTC Rules issued In G.O. Ms. No. 15 Finance (PC) Department, dated: 17-01-1973.

The LTC claims preferred after the stipulated period of 30 days might be accepted after imposing 15% cut on the gross amount as per rule 12 (9) as amended in G.O. Ms. No. 312 Finance (TA) Department, dated: 02-09-1977 read with G.M. No. 23635/A/219/TA Finance and Planning Department, dated: 26-05-1979.

Therefore full payment of Leave Travel Concession could not be admitted in audit. The 15% cut to be imposed for belated submission of bills is worked out to Rs. 14,425/- which needs to be recovered and credited to Zilla Grandhalaya Samstha Funds immediately.

(Para No. 14 of the Audit Report)

9. NON-REMITTANCE OF DEDUCTIONS / RECOVERIES FROM VOUCHERS / PAY BILLS / CONTINGENT BILLS

14.1 It was noticed during audit that various deductions / recoveries effected from the work bills / pay bills were either not remitted to Government or a part of them only were remitted inspite of statutory obligation to remit the same to Government account with in a prescribed time under the relevant statutory provisions which also include penalty as well as prosecution for non adherence.

14.2 The deductions normally made from work bills / pay bills that are to be remitted to Government account are

Work Bills

10. Income Tax
11. Sales Tax
12. Seigniorage Fees

Pay Bills

16. Income Tax
 17. Profession Tax
 18. A.P.G.L.I. Premium / Loan recoveries
 19. G.P.F. (Government Employees)
 20. G.I.S Premium.
- 14.3 These defects noticed were pointed out in the Audit Reports numbering to **260** Audit Paras involving an amount of **Rs. 103.57 lakhs** as shown in **Statement No. 5 (9)** appended to the Report.

**DIRECTOR
STATE AUDIT,
ANDHRA PRADESH,
HYDERABAD.**