



**RULES SUPPLEMENT TO PART - I
EXTRAORDINARY
OF
THE ANDHRA PRADESH GAZETTE**

PUBLISHED BY AUTHORITY

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NOTIFICATIONS BY GOVERNMENT

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**FINANCE AND PLANNING DEPARTMENT
(F.W. Admn - II)**

**RULES RELATING TO ANDHRA PRADESH STATE AUDIT ACT, 1989.
(G.O.Ms. No. 130, Finance and Planning (FW.Admn.II), 8th September, 2000)**

ORDER:

In exercise of the powers conferred by sub-section (1) of section - 16 of the Andhra Pradesh State Audit Act, 1989 (Act No.9 of 1989), the Governor of Andhra Pradesh hereby makes the following rules.

(RULES)

1. Short Title and commencement: - (1) These rules may be called the Andhra Pradesh State Audit Rules, 2000.

(2) These rules shall come into force at once.

2. Definitions: (2) In these rules unless the context otherwise requires,

(a) 'Act' means the Andhra Pradesh State Audit Act, 1989

(b) "Group basis audit 'in relation to audit means conduct of audit of a group of Local or other Authorities by a group of Auditors,

(c) 'Illegal Payments' means all the payments referred to in sections 8 and 10 and read with correspondingly in these rules.

(d) 'Other Authority' means the authorities specified in the schedule appended to the Act.

- (e) 'review' means check by higher authority wherever necessary in respect of the audit work done by an Auditor or Auditors who conduct the basic work on items most susceptible of misapplication of rules or orders which lead to illegal payments.
- (f) 'Special letter' means the letter or letters containing the list of audit objections of surchargeable nature,
- (g) 'Surcharge Certificate' means the certificate by which the charge or the liability of a surchargee is communicated.
- (h) The words and expressions used in these rules but not defined shall have the same meaning assigned to them in the Andhra Pradesh State Audit Act, 1989.

3. Powers and Functions of the Director:- (1) The Director shall, in addition to the powers vested in him under the Act, and the rules made there under, exercise the powers and perform the functions of the Head of the Department under the various rules, codes and orders of the Government.

- (2).The Director may inspect the accounts of Local Authorities and other Authorities specified in the Schedule.
- (3) The Director may condone the audit of accounts of any Local Authority or other Authority, where the audit is not possible due to loss of records on account of floods, fire and theft and other natural calamities in consultation with the heads of Administrative Departments of the Local Authorities or other Authorities concerned.
- (4) The Director shall have to power to initiate disciplinary action against the authorities who are found negligent in enforcing and misusing the powers under the provisions of the Act and the rules and they are liable for disciplinary action in accordance with the procedure laid down in the Andhra Pradesh Civil Services (CCA) Rules, 1991:

Provided that in the cases where the Government is the disciplinary authority, such cases shall be referred to the Government for taking disciplinary action as per the Andhra Pradesh Civil Services (CCA) Rules, 1991:

Provided further that the disciplinary cases pending as on the date of commencement of these rules shall be finalized by the Director as per these rules.

- (5) The Director may call for all the files including the files relating to confidential nature which are not produced to auditors, by the Chief Executive Officer and deal with them in accordance with the standing instructions for the handling and custody of such documents issued from time to time in this regard.
- (6) In respect of non-notified Gram Panchayats and other authorities of smaller transactions, and where the individual audit or group basis audit to such authority by an Auditor for audit is not considered desirable or feasible in terms of time spent on transits etc., the Director may through his Subordinate Staff organize to conduct the audit of the said authorities on group basis, at Mandal Headquarters or at such other places as Specified. The responsibility for making available the records at Mandal Headquarters or at the specified places shall continue to rest with the Chief Executive Authority concerned. The Authority or the Authorities having the administrative control over the said Local or other Authorities shall take all necessary measures to ensure production of all records as desired by the auditors.
- (7) If any difficulty arises in enforcing the various provisions of these rules, unless they require orders from the Government, the same can be clarified by the Director.
- 4. Procedure for conduct of Audit:-** (1) The Director shall arrange to conduct the audit of any Local authority and other authorities specified in the Schedule to the Act in the manner indicated below:
- (i) Post - Audit of the accounts of local authorities other than those falling under Section 6 (a) of the Andhra Pradesh Charitable and Hindu Religious institutions and Endowments Act,1987.
- (ii) Concurrent audit of the accounts of Hindu Religious and Charitable Endowments and institutions falling under Section-6 (a) of Andhra Pradesh Charitable and Hindu Religious institutions and Endowments Act,1987.
- (2) The Director may with permission of Government change the type of audit of any local authority of other authorities.
- (3) The Director may arrange concurrent audit of the institutions working under the Tirumala Tirupathi Devasthanams in addition to post-Audit in consultation with the Chief Executive Officer, Tirumala Tirupathi Devasthanams.
- (4) Where it is found necessary on account of special circumstances, the Director may arrange Special audit of the accounts of the local authority and other authorities specified in the schedule to the Act.
- (5) The Director may also arrange Pre-audit of the Local authority or other authorities with the permission of Government.

- (6) The Director shall arrange to complete the Audit of accounts of local authority and other authorities, after receipt of accounts and related records, in a reasonable time not exceeding two years from the date of receipt of accounts and records. If the audit could not be completed within the said period, he shall report forthwith to the Government in Finance Department, explaining the reasons and the circumstances therefor.

5. Preparation and Furnishing Accounts:- (1) Every Chief Executive Officer shall prepare an Annual Account in the form prescribed, under the respective Acts, rules, Statutes or any other order of the Government and where such form is not prescribed in respect of any Local Authority or other Authority, in the form prescribed by the Director and send a copy of it to the Auditor authorized by the Director.

(2) A copy of the Annual Account referred to in sub-rule (1) shall be sent within the time specified, under the respective Acts or Rules or Statutes and where a time limit is not specified in respect of any Local Authority, or other authority it shall be submitted by 31st of May of the succeeding Financial year.

(3) The failure on the part of any Chief Executive Officer to produce the accounts for Audit within the time stipulated in accordance with the provisions of the Acts or rules or to get the audit completed without following the procedure, amounts to negligence and punishable under Section 12 of the Act.

(4) The Government shall have the right to impose a cut or withhold the release of grants, if the Local authority or other authorities fails to submit their accounts for audit or fail to submit their utilization Certificates without valid reasons.

6. Production of Records to Audit:-(1) The auditor shall give notice to the Authority before the commencement of audit. During the course of audit, the auditor may indicate in writing the nature of information and the kind of documents, registers and records which are necessary or the explanation for the purpose of audit, through a half margin letter. The person or the authority to whom such requisition is made shall comply with the requirements.

(2) The persons who are being addressed with the half margin letters shall be either the persons who are having custody or control of the information called for and accountable to it or he must be the chief executive authority.

(3) The person or persons called upon to furnish the information by the auditor shall sign the letter issued by the Auditor in token of having acknowledged the same.

(4) Any person who fails to comply with any requisition under this rule shall be punishable under Section 12 of the Act.

7. Submission, Approval and issue of audit reports:- (1) The Director may authorize any of his or her subordinates to prepare a report on the accounts audited, registers, examined and to send such report after approval, to the concerned local authority or other authorities.

(2).The Auditor who audited the accounts shall prepare and submit the audit report to the officers noted in column (2) who in turn shall approved and issue the reports to the authority noted in column (3) as mentioned in the table below.

TABLE

Sl.No.	Designation of the Officer.	Name of the Local Authority or other authority.
(1)	(2)	(3)
1	Regional Deputy Director/ Deputy Director	Zilla Parishads, Municipal Corporations, Tirumala Tirupathi Devasthanams, Urban Development authorities, District Rural Development Agencies and Universities.
2	Deputy Director. (Directorate)	A.P. Housing Board, Hyderabad. A.P. Employees Welfare Fund.
3	Audit Officer.	Local Authority or other Authority other than those mentioned in items (1) and (2) above.

Provided that the Director may authorise any of his subordinate authorities to approve and issue reports of any Local authority or other Authorities in the manner other than that provided above.

(3) Every auditor who completes the audit shall submit the report to the authority as specified in sub-rule (2). Where the institution is reviewed with reference to the said report, the reviewing authority shall submit the report after the completion of the review. The responsibility for submission of the report shall therefore lie on the reviewing authority wherever such review is conducted.

(4) (a) Not with standing anything contained in the A.P. Travelling Allowances Rules, A.P. Finance Code and the A.P. Treasury Code, if no reports are submitted within a period of 45 days from the last day of the month in which audit was conducted, and by the reviewing authority within a period of 15 days from the date of completion of such review, the auditor or the reviewing authority as the case may be shall not automatically be entitled for the full pay and allowances, travelling allowances and daily allowances for the said period of audit or of the review. The pay and allowances, travelling allowances and daily allowances for the said periods, if drawn, shall be recoverable from them and remitted to State Funds at such percentage rates,

and the period spent on audit shall be subjected to such treatment as specified in Sub-Rule (5).

Provided that in case of reports pending as on the date of issue of these rules, the period of two months shall be computed from the date of coming into force of these rules.

Provided further that the Draft audit reports returned with objections by the competent authority for rectification of defects shall be resubmitted within a period of seven days from the date on which the Auditor receives such reports. If the reports are further returned for rectification, such returned reports shall be resubmitted within a period of three days from the date of receipt. If such reports are still found to be not free from the objections as earlier noticed they are liable for penal action according to sub-rule (4) thereof. The competent authority to issue orders imposing the penalty is the authority next above the authority authorised to approve the reports.

(b) The Director may with specific reasons to be recorded in writing and in exceptional cases, grant extra time, for submission of the reports.

(5) (a) The rate of recovery of the amount mentioned in sub-rule (4) shall be

(i) at 100% of the traveling allowance, Daily Allowance, if the reports are not submitted within the stipulated period including the extended period under sub-rule (4).

(ii) at 100% of the traveling allowance, Daily Allowance and 50% of Pay and Allowances if they are not submitted in the period of ten (10) days from the day of the expiry of the said period including the extended period, and

(iii) at 100% of the traveling allowance, Daily Allowance and Pay and Allowances if the Reports are not submitted within a period of five (5) days thereafter.

(b) Where 100% recovery of traveling allowance and Daily Allowance alone, has been imposed, there shall be no effect on the period spent on duty. Where 50% recovery on pay and allowances alone, has been effected, the first half of the period spent on audit shall be treated as non-duty and where 100% recovery of traveling allowance, Daily allowance and pay Allowances, has been effected, the entire periods of audit shall be treated as non-duty. Fraction of a day equal to 0.5 shall be treated as one day. If the month and the number of days spent on audit are not verifiable the days as ascertained from the observed data/work-norms including the transit days for the particular Local or other authority and the month or months from the beginning of the second

quarter of the Accounting year following the one to which the pending report relates, shall be adopted.

Provided that where recovery has been 100% of travelling allowance, daily Allowance and Pay and Allowances and that the chances of submission of reports are remote or unlikely to be obtainable even after a reasonable time of 30 days, the entire period spent on audit or the review as the case may be shall be treated as "Dies non" and the institutions whose reports could not be obtained as such be ordered in the circumstances for re-audit under the written orders of the Director, and the auditor subjected to further disciplinary action.

Note: 1. Where an institution has been audited by a team of auditors headed by an Assistant Audit Officer or by a senior most of them, the audit notes obtained from an auditor, shall be treated as a report for purpose of the rule -7 and the report of the institution composed of the said notes of all the Auditors including that of the head of the audit party, shall be so treated for the purpose of the said rule. However the delay in submission of the report of the Institution on account of delay in obtaining the notes shall lie on the head of the team only, if work distribution among auditors is found to be unscientific or uneven.

Note: 2. When more than one Institution has been audited on a single day by an auditor or team of auditors, the reports of all the institutions, audited shall be treated as one single report due from an auditor or team of auditors for purpose of rule-7.

(6). The Director before issue of orders under the proviso to sub-rule-(5), shall take into account such factors which throw light on the circumstances under which an auditor was unable to submit the reports and where the non-submission was reasonable to be considered he may consider postponing to a reasonable time for the issue of such orders, and in the most deserving cases and keeping in view the public interest also, he shall pass such orders.

(7) Where the period of audit has been treated as non-duty under sub-rule (5) and where an Auditor applied for sanction of leave to which he is entitled, he may be sanctioned with such leave following the leave rules or the Fundamental Rules by which such Auditor or Auditors are governed.

(8) All Audit reports on approval by the competent authority shall within the time as prescribed by the Director, be communicated to the Chief Executive authority or the concerned Local Authority or other Authority along with Special Letter by Registered Post With Acknowledgement due containing all items of objections which fall under the purview of Clause (a) of sub-rule (4) of rule-9.

Provided that such Special letter containing the Surchargeable audit objections, shall be issued by Registered Post with Acknowledgement due to all prospective surchargees individually.

Provided further that in the event of the non-availability of required information for fixing responsibility and accountability, the District Collector shall conduct enquiry and furnish details of the loss caused and of the person or persons responsible thereof, within a period not exceeding six months.

(9) Failure to conduct audit and submit audit report within the stipulated time shall be construed as willful absence from duty and shall be dealt with in accordance with the provisions of F.R. 18.

8.Follow up Action on Audit Reports and Settlement of Objections:- (1) On receipt of the audit report the Chief Executive Officer concerned shall submit, a report within a period of two months from the date of receipt of the audit report rectifying all the defects pointed out in the report and within four months from the date of receipt of Special letter mentioned in sub-rule (9) of Rule-7, a report of having rectified the defects pointed out in the said audit report and in the Special letter, to the officer who issued the Audit Report and the Special letter.

(2) On receipt of the report from the Chief Executive Officer, the Director or Authority authorised by him for the purpose, shall take up a further examination of the report under clauses (a), (b) and (c) of sub-section (2) of section 9 of Act.

(3) The Director may under clause (d) of sub-section (2) of section 9 of the Act condone any objection wherein the compliance of which is not possible due to loss of records connected with its disposal due to any natural calamity.

(4) The Director, if he considered that any case which appears to support a presumption of criminal misappropriation of fraud deserving special attention or immediate investigation, he shall bring to the notice of the Government for such action as they consider necessary.

9.Initiating Surcharge Proceedings, Appeal and the Recovery:- (1) (a) under section -10 of the Act, the Director is empowered for initiating surcharge proceedings against the persons responsible for causing loss to the funds of Local Authorities or other authorities.

(b) The powers of Director under section 10 of the Act, shall also be exercised by the authorities Specified in column (2) in respect of the Local authority or other Authority specified in the corresponding entry in column (3) of the table given hereunder.

TABLE

Sl. No.	Name of the Authority.	Name of the Local / other Authority
1	2	3
1	Regional Deputy Director	<ol style="list-style-type: none"> 1. All Hindu Religious and Charitable endowments and Institutions whose Executive Authorities are in the rank of Deputy Commissioner and above except Tirumala Tirupathi Devasthanams. 2. All Private Engineering Colleges receiving grants-in aid from the Government. 3. All aided Colleges and Schools other than Government Colleges and Schools. 4. All Polytechnics receiving aid from the Government. 5. Municipal Councils (Special grade and selection grade). 6. Mandal Parishads. 7. Zilla Grandalaya Samsthas constituted under the A.P. Public Libraries Act, 1960. 8. Agricultural Market Committees.
2	Audit Officer.	<ol style="list-style-type: none"> 1. Gram Panchayats. 2. Municipal Councils (up to and inclusive of first Grade) including notified Area Committees. 3. All Hindu Religious and Charitable endowments and Institutions whose Executive Authorities are in the rank less than that of Deputy Commissioner. 4. Andhra Pradesh Employees Welfare Fund. 5. Aided Women Hostels and other institutions other than Government under the Women Welfare Departments. 6. All Official Receivers. 7. All District Chambers of Panchayat Raj. 8. Medical lending Libraries at Visakhapatnam, Chittoor, East Godawari, Guntur, Kurnool and Warangal. 9. District Sailors and Soldiers Board at East Godawari, West Godawari, Krishna Guntur, Nellore, Chittoor, Anantapur, Cuddapah, Kurnool and Ranga Reddy Districts. 10. T.B. Sanitorium in Chittoor District. 11. Prize Endowments in East Godawari, Chittoor and Anantapur Districts. 12. N.C.C. Trophy, Anantapur. 13. District Leprosy Fund, Anantapur. 14. Andhra Pradesh Medical council, Hyderabad. 15. Andhra Pradesh Medical Pharmacy council, Hyderabad. 16. Official Trustee, Hyderabad.

		17. Andhra Pradesh Bhoodana Yagna Board, Hyderabad. 18. Aradhana magazine. 19. Andhra Pradesh Dental Council.
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(2) The objections of the Audit report which are not rectified under clause (c) of Sub-Section (2) of Section 9 of the Act read with Sub-rule (2) of rule 8 of these rules, which had been included in the body of special letter under sub-rule (9) of Rule-7, shall be subject to surcharge under section -10 of the Act.

Provided that the objections raised and pending in the audit reports of Gram Panchayats, Mandal Parishads, Zilla Parishads, Agricultural Market Committees and Zilla grandalaya Samsthas, as on the date of commencement of these rules and also those objections on which surcharge was not barred by the limitation, if any, under the existing provisions, shall continue to be subjected to surcharge proceedings even after these rules came into force.

(3) (a) The onus for production of records for audit shall lie on the Chief Executive authority concerned, under rule-6 and if the records are not produced willfully the same shall be subject to surcharge proceedings under sub-rule (2) above. The Chief Executive authority shall produce the records within four months as specified in sub-rule (1) of Rule-8 for compliance. Failure to produce records within the time prescribed shall be liable for surcharge proceedings.

(b) The special letter or letter wherever required shall be caused to be re-issued in the same manner as was provided for in the first proviso to sub-rule (9) of rule-7 after audit on subsequent production of records. The report to be submitted after such audit or review shall be deemed to be a report and to form part of original report, for purpose of various other provisions of rule-7.

Note: Report and the special letter or letters consequent to conducting of special audit shall also be treated in the same manner as the report and the special letter or letters covered in clause (b) of sub-rule (3).

(4) (a) Auditor may disallow every item contrary to law and surcharge the same on the person making or authorizing the making of the illegal payments and may charge against any person responsible therefor, the amount of any deficiency, loss or unprofitable outlay incurred by the negligence or misconduct of the person or of any sum which ought to have been, but is not brought to account, by that person and shall in every case, certify the amount due from such person, and cause to serve his decision to Surcharge in the form of Surcharge Certificate by Register Post with Acknowledgement due, to the person against whom it was made.

(b) The auditor shall state in writing the reasons for his decision in respect of every such disallowance, surcharge or charge and serve the Surcharge Certificate in the manner laid down for the service of summons in the code of Civil Procedure, 1908.

(c) If the person to whom the Surcharge Certificate has been sent by Register Post with Acknowledgement due, refuses to receive it, he shall nevertheless be deemed to have been duly furnished or issued with a copy of the certificate within the meaning of clause (a) of sub-rule (4) and the period of sixty days fixed in sub-rule (5) and (8) shall be calculated from the date of such refusal.

Explanation: I. For purpose of Clause (a) of Sub-rule (4), the person making or authorising to make of the illegal payments, is the person, who on his own acts or neglects or makes a final decision leading to illegal payments. Person who is authorized to draw the funds and disburse unless he himself is a party to such decision, is not necessarily the person charged with authorising or making such payments. Person who raises the claim on account of pay and allowances leading to illegal payments or in the alternative a person who fails to initiate corrective measures for stopping and for recovering the said illegal payments, are the persons said to be authorising such payments. But the person who raises the claim of such allowances on account of the express orders of some other authority is not the person said to be authorising such payments. Person making payments or responsible for deficiency, loss or waste etc., originating from his own neglect, misconduct or misinterpretation of the provisions, viewed in terms of the relevant provisions of the Act, rules or orders governing the Local Authority or Other Authority concerned, is said to be the person authorising such illegal payments, deficiencies etc.

Explanation: II. When there is more than one person charged to have authorised or made illegal payments, all such persons shall be equally treated for purpose of Clause (a) of Sub-rule (3).

Explanation: III. It shall not be open to any person whose negligence or misconduct has caused or contributed to any such deficiency or loss, to contend that notwithstanding his negligence or misconduct, the deficiency or loss would not have occurred but for the negligence or misconduct of other person.

(5) Every person aggrieved by any disallowance surcharge, or charge, may within sixty days after the date of service on him of the Surcharge Certificate issued by the Auditor either:-

(a) File an appeal before the Government who shall pass such orders as it deems fit.

OR

(b) make an application to the concerned Principal Civil Court of Original Jurisdiction to set aside such disallowance, surcharge or charge and the court after taking such evidence as is necessary may confirm, modify or remit such disallowance, surcharge or charge with such orders as to costs as it may think proper in the circumstances;

(c) The orders passed by the respective appellate authority shall be final.

(d) From the decision of the Court under clause (b) of sub-rule (5) an appeal shall lie to the High Court.

(6) Where an application is made in the Court under Clause (b) of sub-rule (5) or an appeal made under Clause (d) *ibid*, the authority who issued the surcharge under clause (a) or as the case may be under clause (b) of sub-rule (1) shall be the sole respondent thereto, and the applicant shall not make either the Government or any other person a party to the proceedings.

(7) Notwithstanding the requirement under the first and second provisos to sub-rule (9) of rule -7, that the special letter or letters be sent by Register Post with Acknowledgement due, the Surchargee shall not be appealed under sub-rule (5) on the ground that the said letter or letters were not received by him nor acknowledged by him. It shall however be open for him to contest or appeal on the contents of the Surcharge Certificate so received by him with reference to the objection or objections the copy of which has already been available in the audit report sent to the Chief Executive Authority concerned under sub-rule (9) of Rule-7. However in case a copy of the objection on which Surcharge was served, is required to be supplied, the authority who issued the surcharge shall forthwith supply such copy.

(8) Every sum certified by the Director or other authority subordinate to him, to be due from a person under these rules shall be paid by such person in the nearest Government treasury or in the office of the Local Authority or other Authority as the case may be within sixty days after the date of service on him of the Surcharge Certificate issued by the Director or other Authority subordinate to him and unless within that time such person has made an application or an appeal to the authorities mentioned in sub-rule (5), against the Surcharge Certificate, such sum, if not paid, or such sum as the said authorities declare to be due, shall be recoverable as if it were arrear of land revenue.

(9) All payments within the meaning of sub-rule (8) shall be reported to the authority who issued the Surcharge Certificate, by the Chief Executive Authority or the Surchargee soon after such payments are made. Copies of all surcharge certificates on which no action has been taken for recovery under

sub-rule (8) shall be communicated to the District Collector concerned, by the surcharge issuing authority, for initiating action for recovery as if they were the arrears of land revenue. The Collector shall send the particulars of the said recovery to the said surcharge issuing authority. The District Collector shall designate field level officers concerned of Local authorities or other Authorities for filing Execution Petitions and attending to other matters related thereto.

Furnishing of Audit Reports:-10 The Director shall submit annually a consolidated Audit Report and review report on the accounts of the Local authorities or other authorities in such form and in such manner as he thinks fit or as may be prescribed by the Government and furnish the same to the Government.

Preservation of Audit Reports: 11 Audit Reports issued to the Chief Executive Authorities, are the records of permanent nature, unless orders have been issued by the Director for destruction. The entire responsibility for their preservation shall rest with the auditors in charge of the audit of the Local authorities or other authorities under the supervision of the officer immediately superior to them. Auditors or authorities who found guilty of violation of this rule shall suitably be dealt with under the relevant provisions of the law or the rules.

Saving:- 12 Consequent on framing of these rules, the matters relating to audit, settlement of audit objections, surcharge and disallowance covered in any provisions of the rules and the Acts of the Local Authorities or other Authorities, shall to the extent they are not consistent with these rules and the Act, be deemed to have ceased to be in force from the date of coming in to force of these rules, and all orders, rules, amendments or enactments proposed to be made and bearing on the provisions of the Act and these rules, shall be made only in consultation with the Government in Finance Department.

S.K. ARORA,
Principal Secretary to
Government.

A. P. State Audit Act 1989

The following Act of the Andhra Pradesh Legislative Assembly received the assent of the Governor on the 19th April, 1989 and the said assent is hereby first published on the 20th April, 1989 in the Andhra Pradesh Gazette for general information:

Act No. 9 of 1989

An act to authorize the Director of State Audit to Audit the Accounts relating to Local Authorities or other Authorities and for matters connected therewith or incidental thereto.

Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Fortieth Year of the Republic of India as follows:-

1. (1) This Act may be called the Andhra Pradesh State Audit Act, 1989.

(2) It extends to the whole of the State of Andhra Pradesh

Short title, extent and Commencement.

(3) It shall be deemed to have come into force on the 7th January, 1989.

2. In this Act, unless the context otherwise requires:-

Definitions.

(a) 'audit' means pre-audit, current audit, post audit, cent percent audit, resident audit, test audit, Special audit and such other examination of Accounts as the Government may from time to time specify;

(b) 'auditor' means the Director of State Audit appointed under section 3 and includes any other persons on whom all or any of the powers of the auditor under this Act, are conferred;

(c) 'cent percent audit' means a post audit of all the

transactions of a particular account of specified period;

- (d) 'Chief Executive Officer' means the Officer or authority vested with powers to administer the fund of Local authority or any other authority specified in the Schedule (herein after referred to as other authority) and includes every officer by whatever designation known dealing with such local authority or other authority;
- (e) 'Concurrent audit' means a post audit of a day-to-day accounts of specified period, with a general review of the accounts from time to time;
- (f) 'Director' means the Director of State Audit appointed under section 3;
- (g) 'Fund' means any fund the control and management of which a local authority or other authority is legally entitled to and includes any cess, rate, duty fee or tax leviable by, and any property vested in, such authority;
- (h) 'Government' means the State Government of Andhra Pradesh;
- (i) 'Local authority' means:
 - (a) a municipal corporation constituted under the law relating to municipal corporation for the time being in force;
 - (b) a municipal council constituted under the Andhra Pradesh Municipalities Act, 1965;
 - (c) a Mandal Praja Parishad, a Zilla Praja Parishad or Zilla Abhivrudhi Sameeksha Mandali constituted under the Andhra Pradesh Mandala Praja Parishads, Zilla Praja Parishads and Zilla Abhivrudhi Sameeksha Mandals Act, 1986;
 - (d) a Gram panchayat or a township constituted under the Andhra Pradesh Gram Panchayats Act, 1964;
 - (e) A market committee constituted under the Andhra Pradesh (agricultural produce and Livestock) Market Act, 1966;
 - (f) Rashtra Karshaka Parishads, Commodities Federations and Mandal Karshaka Parishads constituted under the Andhra

Pradesh Rashtra Karshaka Parishad and Allied Bodies Act, 1988; and

- (g) A Zilla Grandalaya Samstha constituted under the Andhra Pradesh Public Libraries Act, 1960;
- (j) 'notification' means a notification published in the Andhra Pradesh Gazette and the work 'notified' shall be construed accordingly;
- (k) 'post audit' means the detailed audit conducted after the transactions are completed;
- (l) 'pre audit' means the preliminary audit before receiving the money or arranging the payments;
- (m) 'prescribed' means prescribed by rules made under this Act;
- (n) 'resident audit' means concurrent or pre-audit of expenditure and review of receipts;
- (o) 'schedule' means the Schedule appended to this Act;
- (p) 'special audit' means an audit of accounts pertaining to a specified item or series of items requiring through examination.
- (q) 'surcharge' means the amount for which, the auditor in exercise of powers vested in him under this Act, makes a person liable for the loss, waste misapplication or misappropriation, of any money or other property belonging to any local authority.
3. (1) There shall be appointed by the Government a Director of State Audit to be incharge of the audit of the fund of local Authorities and other authorities specified in the Schedule in the whole of the State hereinafter referred to as 'Director' and as many other persons as they consider necessary to exercise the powers and perform the functions of the Director under this Act in relation to such areas as may be specified.
- (2) The powers to be exercised and functions to be performed by the Director shall be such as may be prescribed.
- (3) The Director shall exercise general control and superintendence over the officers of the State Audit

Appointment of
Director

Department in the performance of their functions under this Act or the rules made there under.

(4) Notwithstanding anything in sub-section(1), the Director of Local Fund Audit functioning before the commencement of this Act, shall continue to be such Director and function as such until a new Director is appointed under sub-section (1) and the Department known as the Local Fund Audit Department' prior to the commencement of this Act, shall here-in-after be known as the 'State Audit Department'.

4. Notwithstanding anything in any other law for the time being

in force but without prejudice to the powers and functions of the Comptroller and Auditor General (Duties, powers and conditions of service) Act,1971, it shall be lawful for the Director to conduct an audit in respect of any local authority or any other authority specified in the Schedule in the manner provided by or under this Act and to recover the cost of audit in respect of such authorities as may be specified by the Government, by order subject to such rules as may be made in this behalf.

Audit of Accounts

Central Act 56 of 1971

5. Every Chief Executive Officer shall present or cause to be presented for audit all the accounts of the fund which he administers annually within such period in such form and in such manner as may be prescribed.

Presentation of Accounts for Audit.

6. (1) for the purpose of any audit under this Act an auditor may..

(a) require the Chief Executive Officer concerned in writing the production, at the head office of the local authority or other authority of such receipts, vouchers, statements, returns, correspondence, notes or any other documents in relation to the accounts as he may think fit;

Production of documents and attendance of persons for Audit.

(b) require in writing.....

(i). any salaried employee of the local authority or other authority accountable for or having the custody or control of such receipts, vouchers, statements, returns, correspondence, notes or other documents; or

(ii).any person having directly or indirectly by himself or his partner any share or interest in any contract with or under the local authority, or other authority to appear in person or by an

authorized agent before him at the head office of the said authority and answer any question or sign a declaration with respect thereto;

- (c) in the event of an explanation being required from the Chief Executive Officer, invite such officer in writing specifying the points on which his explanation is required to meet him at the head office of such officer; or
 - (d) exercise such other powers as may be prescribed.
- (2) The auditor may fix a reasonable period of not less than three days for the purposes of compliance of the provisions of sub-section (1).
- (3) The auditor shall give the local authority or other authority not less than one week notice in writing of the date on which he proposes to commence the audit:

Provided that for special reasons to be recorded in writing the auditor may give a shorter notice than a week or commence a special or detailed audit on the authority of the Government or the Director with out such notice.

Furnishing of Audit Report

7. The Director shall, as soon as practicable after the completion of audit prepare a report on the accounts audited and examined by him and send such report to the concerned local authority or other authority in such manner, as may be prescribed.

Contents of Audit Report.

8. The audit report shall contain a statement of -----
- (a) every payment which appears to him to be contrary to law;
 - (b) the amount of any deficiency, waste or loss which appears to have been caused by the gross negligence or misconduct of any person in the performance of his duties;
 - (c) the amount of any sum received which ought to have been accounted but is not brought into account by any person; and
 - (d) any material impropriety or irregularity which he may observe in the expenditure or in the recovery of money due.

9. (1) On receipt of the audit report under section 8 the Chief

Procedure to be Followed after

Executive Officer shall remedy any defect or irregularity which may have been pointed out in the report and shall place the audit report, together with statement of action taken or proposed to be taken thereon and an explanation in regard thereto before a meeting of the concerned local authority or other authority specially convened for the purpose within a period of two months from the date of receipt of the audit report. He shall also within one month of the said meeting, send to the Director a report of his having remedied the defects or irregularities, if any pointed out in the audit report or shall, within the said period, supply the Director any further explanation in regard to such defects or irregularities as the local authority or other authority may wish to give.

furnishing the report.

(2) On receipt of such intimation or explanation, the Director may, in respect of all or any of the matters referred to in his report:-

(a) accept the explanation given by the Chief Executive Officer;

(b) direct that the matter be further investigated at the next audit or any earlier date;

(c) hold that the defects of irregularities pointed out in the audit report or any of them have not been removed or remedied;

(d) condone any objection, the compliance of which is not possible due to loss of records connected with its disposal due to any natural calamity;

(3) Nothing in this section or section 8 shall preclude the Director at any time from bringing to the notice of the Government for such action as he may consider necessary any information which appears to him to support a presumption of criminal misappropriation or fraud or which in his opinion deserves special attention or immediate investigation.

10.(1) The Director may disallow every item of expenditure incurred contrary to law and surcharge the same on the person incurring or authorizing the incurring of such expenditure, and may charge against any person responsible therefor the amount of any deficiency, loss or unprofitable outlay occasioned by the negligence or misconduct of that person or of any sum which ought to have been accounted but is not brought into account by that person and shall, in every such

Director to surcharge
illegal payment or loss
caused by gross
negligence or
misconduct.

case, certify the amount due from such person.

Explanation:- It shall not be open to any person whose negligence or misconduct has caused or contributed to any such deficiency or loss, to contend that notwithstanding his negligence or misconduct the deficiency or loss would not have occurred, but for the negligence or misconduct of some other person.

(2) The Director shall state in writing the reasons for his decision in respect of every disallowance, surcharge or charge and a copy of such decision shall be served on the person against whom it is made in the manner laid down for the service of summons in the Code of Civil Procedure, 1908.

(3) Any person aggrieved by any disallowance, surcharge or charge may, within 60 days after the date of service on him of the decision of the Director either---

Central Act V of 1908.

(a) make an application to the concerned principal civil court of original jurisdiction to set aside such disallowance, surcharge or charge and the court, after taking such evidence as is necessary may confirm, modify or remit such disallowance, surcharge or charge with such orders as to costs as it may think proper in the circumstances; or

(b) in lieu of such application, may appeal to the Government who shall pass such orders as they think fit.

(4) Where an application is made to the court under clause(a) of sub-section(3), the Director shall be the sole respondent thereto, and the applicant shall not make either the Government or any other person a party to the proceedings.

(5) From the decision of the court under clause (a) of sub-section (3), an appeal shall lie to the High Court.

(6) Every sum certified by the Director to be due from a person under this Act shall be paid by such person to the local authority or the other authority as the case may be, within sixty days after the date of service on him of the decision of the Director unless within that time such person has made an application to the court or an appeal to the Government against the decision, and such sum, if not so paid, or such sum as the Court or Government declare to be due, shall be recoverable as if it were an arrear of land revenue.

11. (1) The Director shall submit annually a Consolidated Audit and Review Report on the accounts of the local authorities, or other authorities in such form and in such manner as may be prescribed and furnish the same to the Government. Director to submit audit and review report.
- (2) The annual Consolidated Audit and Review Report in respect of local authorities shall be laid on the table of the Legislative Assembly.
- 12.(1) (a) Any person who willfully neglects or refuses to comply with any requisition lawfully made upon him under clause (a) or clause (b) of sub-section (1) of section 6, shall on conviction be punishable with fine which may extend to five thousand rupees. Penalties
- (b) Any person who is convicted under clause (a) fails to comply with any such requisition shall be punishable for each day after conviction during which he continues to persist in his offence with a fine not exceeding five hundred rupees.
- (2) No prosecution for any offence punishable under this Act shall be instituted except with the previous sanction of the Director.
- (3) Before issuing such sanction under sub-section (2), the Director shall give a reasonable opportunity to the person against whom the proceedings are to be instituted, to show cause why the sanction for such prosecution shall not be given.
- (4) No court inferior to that of a Magistrate of the First Class shall try any offence punishable under this Act.
13. The Director or any other person appointed to exercise any of the powers or perform any of the functions under this Act shall be deemed to be a public servant with in the meaning of section 21 of the Indian Penal Code, 1860. Officers and employees of the State Audit Department to be public servants Central Act 45 of 1860.
14. No suit, prosecution or other legal proceedings shall be instituted against the Director or any person acting under the provisions of this Act for anything which is in good faith done or intended to be done under this Act or under the rules made thereunder. Protection of action taken in good faith.
15. The Government may by notification and for reasons to be recorded therein, add any other authorities to or omit any such Amendment of the Schedule.

authority from the Schedule and on the publication of such notification such authority shall be deemed to be included in, or as the case may be, omitted from the schedule.

- 16 (1). The Government may by notification, make rules for carrying out all or any of the purpose of this Act. Power to make rules.

(2) Every rule made under this Act shall immediately after it is made be laid before the legislative Assembly of the State if it is in sessions, and if it is not in session, in the session immediately following for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if ,before the expiration of the session in which it is so laid or the session immediately following the Legislative Assembly agrees in making any modification in the rule or in the annulment of the rule, the rule shall, from the date on which the modification or annulment is notified, have effect only in such modified form or shall stand annulled as the case may be so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

17. The Andhra Pradesh State Audit Ordinance,1989 is hereby repealed. Repeal of ordinance
1 of 1989.

THE SCHEDULE

[See Section 2 (0)]

1. **All Hindu Religious and Charitable Endowments and Institutions.**
2. **Titrumala Tirupathi Devasthanams.**
3. **Andhra Pradesh Wakf Board.**
4. **An University established or incorporated by State enactment.**
5. **Andhra Pradesh Housing Board.**
6. **Integrated Tribal Development Agency and Tribal Welfare Engineering Division.**

7. **An Urban Development Authority Constituted under the Andhra Pradesh Urban (Development) Act, 1975.**
8. **District Rural Development Agencies.**
9. **A Society for Training and Employment Promotion in the State.**
10. **Co-operative Societies registered or deemed to be registered under the Andhra Pradesh Co-Operative Societies Act 1964**
11. **Andhra Pradesh Employees Welfare Fund.**
12. **All Private engineering Colleges receiving grant-in-aid from the Government.**
13. **All Aided Colleges and Schools other than Government Colleges and Schools.**
14. **All Polytechnics, receiving aid from the Government.**
15. **Aided Women Hostels and other institutions other than Government under the Women Welfare Department.**
16. **Telugu and Urdu Academies.**
17. **Ravindra Bharathi.**
18. **All Official Receivers.**
19. **Parakala Seshavatharam Andhra Pradesh State Chamber of Panchayati Raj.**
20. **All District Chambers of Panchayati Raj.**
21. **Medical Lending Libraries at Visakhapatnam, East Godavari, West Godavari, Guntur, Chittoor, Kurnool and Warangal Districts.**
22. **District Sailors and Soldiers Board at East Godavari, West Godavari, Krishna, Guntur, Nellore, Chittoor, Anantapur, Cuddapah, Kurnool, and Ranga Reddy Districts.**
23. **T.B. Sanitorium in Chittoor Districts.**
24. **Prize Endowments in East Godavari, Chittoor and Anantapur Districts**
25. **N.C.C.Trophy, Anantapur.**

26. **District Leprosy Fund, Anantapur.**
27. **Andhra Pradesh Medical Council, Hyderabad.**
28. **Andhra Pradesh Medical pharmacy Council, Hyderabad.**
29. **Andhra Pradesh Residential Educational Institutions Society, Hyderabad.**
30. **Official Trustee, Hyderabad.**
31. **Andhra Pradesh Bhoodana Yagna board, Hyderabad.**
32. **Aradhana Magazine.**
33. **Andhra Pradesh State Council of Higher Education.**
34. **Andhra Pradesh Dental Council.**

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