

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Norms for Public Finance Accountability before releases and drawal of funds- Instructions – Issued

FINANCE(TFR)DEPARTMENT

G.O.Ms.No.507

Dated:10-04-2002.

- 1) G.O.Ms.No.277, Fin. & Plg.(Fin.Wing Accts) Dept. Dt. 06.06.1990.
- 2) G.O.Ms.No.43, Fin. & Plg.(W&M) Dept.Dt.22.04.2000
- 3) G.O.Ms.No.59, Fin. & Plg. (Fin.Wing BG) Dept. Dt.30.3.2001.
- 4) Memo No.14012-B/305/A2/W&M/2001,d. 25.04.2001 of Fin.&Plg.
(W&M) Dept.
- 5) Memo No. 41377-A/1233/A2/W&M/2001, dt.27.12.2001 of Finance
(W&M) Dept.
- 6) G.O.Ms.No.391, Finance (TFR) Department.Dt.22.03.2002.
- 7) G.O.Ms.No.506, Finance (BG) Department. Dt.10.04.2002

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ORDER:

In the G.O. 7th read above, detailed instructions have been issued for the preparation of scheme wise cost Benefit Analysis and Funds Flow Statements by the departments. Finance department has also issued Budget Release Orders as per G.O. 3rd read above. Accordingly, Heads of the department are also requested to send Distribution Statements where BROs are issued (or where BROs are not required to be issued), to the Director of Treasuries and Accounts so that budget authorizations are issued without any further delay and all essential expenditures are undertaken to carry on the activities in the field.

2. While the process of release of budgeted allocations has been simplified and made quicker to enable the Departments to ground their projects without undue delay, it is equally imperative that the Departments and particularly the Drawing and Disbursing Officers are made more accountable for the proper and efficient use of Public Funds and maintenance of Accounts.

3. Accordingly, Government, after careful consideration, has decided that the following norms of Financial Accountability shall be scrupulously adhered to by each Drawing and Disbursing Officer and enforced by the concerned Treasury Departments i.e., DTA/PAO/DWA and their subordinate officers at the level of DTO/STOs/PAOs Works and Accounts Department at the time of acceptance of bills and pre-audit before release of funds under each Scheme/Programme.

4. The Comptroller and Auditor General has been conducting periodical inspections to verify transactions and maintenance of important accounts and other records and accordingly, Inspection Reports are issued to the Heads of the Department. All the Secretariat heads and the Heads of the Department are requested to take immediate action on the Inspection Reports/Audit Paras/PAC Paras etc. and ensure that necessary action is taken to send replies to at least 50% of the pending Inspection Reports/Audit Paras/PAC Paras for the year 2000-01, latest by September, 2002 failing which further Budget Release Orders will be withheld by the Finance Department pertaining to the relevant schemes.

Replies to pending Audit Paras upto 2000-01:

5. At the field level, all the Drawing and Disbursing Officers are hereby made responsible to ensure that suitable replies are sent to the Inspection Reports/Audit Paras/PAC Paras relating to the Schemes upto 2000-01 and furnish a certificate to the extent that replies to the Audit Paras 2000-01 have been sent pertaining to that particular scheme for which bills are being submitted to the Treasury/PAOs for the drawal of funds. All the Treasury/PAOs are instructed to obtain a certificate that replies to all the relevant Inspection Reports/Audit Paras/PAC Paras pertaining to that particular scheme have been sent to the appropriate authority, from the Drawing and Disbursing Officers concerned. It is instructed that no amounts would be permitted to be drawn for that particular scheme by the particular Treasury Officer until and unless the DDO submits a certificate that at least 50% of the pending audit paras etc., for years upto and inclusive of 2000-01 have been replied to. A copy of the certificate is enclosed as Annexure-

6. All the Secretariat Departments and the Heads of the Department are requested to issue suitable instructions in this regard to all the Drawing and Disbursing Officers under their control. The Director of Treasuries and Accounts/PAO, Twin Cities/Director, Works & Accounts are also requested to issue suitable instructions to their Subordinate Offices.

Abstract Contingent Bills:

7. It is observed that inspite of the repeated instructions, the drawal of AC bills are not adjusted by the department with supporting Detailed Contingent (DC) Bills. As per the existing Rules and Codes, AC Bills are required to be adjusted within one month from the drawal of funds on the AC Bills. But there seems to be no progress in this regard and tendency of AC Bills due for

adjustment is getting accumulated over a period of time. Simplification of the procedure for adjusting the AC Bills and also revised instructions on the drawal of AC Bills have been issued in the reference sixth read above. All the Drawing and Disbursing Officers shall henceforth, ensure that DC Bills are submitted to the Treasury Officer concerned against the earlier AC Bills drawn failing which further drawal of funds on AC Bill shall not be permitted. In any case, notwithstanding the above, all the AC Bills shall be settled within three months of their drawal and latest by month of June for the Bills drawn during March. Now since countersignatures of the higher authority have been dispensed with and Drawing and Disbursing Officer is made liable for the submission of DC Bills himself, all the DDOs are requested to furnish the DC Bills to the concerned Treasury Officers for all the pending AC Bills without any further delay

Reconciliation of Accounts between the DDOs and the Treasury Officers:

8. Detailed instructions on the Reconciliation of Accounts between the DDOs and the Treasury Officers have been issued in the reference first read above. As per the existing instructions in force, all the DDOs are requested to prepare an Expenditure Statement and also the Statement of Receipts every month and reconcile the figures with Treasury before 4th of the month succeeding month to which they relate. A copy of the certificate is enclosed as Annexure-II. Similarly, CCO (Chief Controlling Officer) / Head of the Department (HOD) is required to reconcile his department's accounts with AG's figures and issue monthly Reconciliation Certificates to AG every quarter. The nominated officer in the department is hereby made responsible for such a reconciliation process. A copy of the certificate is enclosed as Annexure-III. The DTOs and PAOs shall furnish the list of Drawing Officers, who have failed to reconcile the figures, to the Heads of Department for taking necessary action. Instructions were also issued to the District Treasury Officers and PAOs to maintain a Register showing the dates on which the drawals have been reconciled with the departmental figures and the dates on which actually they are reconciled. This would facilitate to check correctness of the certificate of verification furnished by the Drawing Officers on the bills. The Government hereby reiterates that the orders already issued in reference 1st read above shall be effectively enforced by all Treasury Officers and the HODs/DDOs. In continuation of the instructions already given, it is hereby ordered that no Treasury officer shall permit any amount to be drawn by the concerned DDOs after 10th of the month until and unless the Reconciliation of Accounts (all kinds of Receipts and Expenditure figures) upto the previous month is completed and the certificate to that extent is appended to the Bills while presenting them before the Treasury/PAOs

Submission of statement of expenditure and utilization Certificates for earlier draws:

9. It is observed that budget controls are quite effective before payments are released but not after the release when the expenditure is actually committed or incurred. Consequently, it has been noticed that DDOs draw amounts from the Treasury and keep them either in the PD Accounts or in Bank accounts for long periods of time before they are actually spent. Therefore, Government have decided that no further amount for a particular scheme can be drawn until and unless proof of expenditure of the amounts earlier drawn is provided. All the DDOs are requested to submit a certificate of expenditure for further drawals. The copy of the certificate has already been circulated as part of earlier GO second read above and enclosed as Annexure-IV for ready reference. Further, Government hereby order that every DDO shall also furnish the list of Bank Accounts operated by him and cash balances available therein pertaining to the specific scheme for which further funds are proposed to be drawn from the Treasury.

10. Similarly, in case of PD Accounts, detailed instructions were given for withdrawal of funds from the Deposit Accounts in the reference second read above. Instructions were also issued in the reference fifth read above, in which all the PD Account Administrators, were requested to furnish the information on district-wise actual expenditure incurred against the earlier releases along with the certified copies of the bank balances available under each scheme, while sending the cheque for counter signature in Finance Department at the State level. A copy of the certificate is enclosed as Annexure-V. Similarly, all the Treasury Officers/PAOs are requested to obtain the information in the Annexures IV & V before any further amounts are credited to the Deposit Accounts or before any drawals are made from the PD Account in case, endorsement of Treasury Officers are required to be made on the PD Account cheques. Instructions given in para 9 supra regarding furnishing of information of balances in Bank Deposits shall equally apply to the PD Account Administrators and further releases for the PD Account shall be permitted only when these instructions are complied with. No further amount shall be credited to PD Accounts until and unless 75% of the amounts released earlier are drawn and spent.

Recovery of Loans, Advances, Taxes etc. due to be paid back to the Government:

11. There are substantial number of Loans and Advances given to the Government Undertakings, Institutions and Organisations under various schemes. All the DDOs must ensure that all such loans and dues payable to the Government are recovered as per the instalments prescribed along with interest due before any further drawals against such scheme is made. All the Secretariat Heads and Heads of the Department are requested to intimate the overdue instalments of loan recoveries to all the DDOs if they are not being calculated at the level of DDOs. Likewise, there are certain recoveries to be made from the individuals/institutions/industries etc., to whom loans were granted under various Government programmes or taxes and levies are due from them under various Acts and Rules for which the concerned DDOs have been assigned the target of recoveries to be made from such beneficiaries. The Comptroller and Auditor General has been pointing out in every Report that adequate attention is not being paid to such recoveries of loans, advances, taxes/levies etc., leading to pecuniary loss to Government. All the DDOs are requested

to effect the recoveries and deposit in the Government account under the appropriate head. All the Heads of the Department are also requested to issue strict instructions in this regard to the concerned officers and the DDOs, particularly where audit reports have pointed out the deficiencies of the DDOs in taking proper action.

Releases to Local Bodies, Public Sector Enterprises, Autonomous Bodies and other Grant-in-Aid Institutions:

12. Non finalisation of annual accounts, pendency of statutory audit for the years and failure to remedy the deficiencies pointed out in audit paras are the major points of concern for the Government pertaining to Local Bodies, Public Sector Enterprises, Autonomous Bodies and other Grant-in-Aid Institutions. Therefore, it is instructed that further financial releases from April 2002 onwards would be made only to those Local Bodies, Public Sector Enterprises, Autonomous Bodies, and Grant-in-Aid Institutions who have completed their statutory audit for 1999-2000. These institutions have also to give an undertaking that they would clear their audit objections to an extent of 50% by September, 2002 and the balance by December, 2002. It should also to be ensured that they have also submitted the Utilisation Certificates, certified by the Statutory Auditor in case of previous grants/loans etc., released by State Government under various schemes. Further releases shall depend upon the amount for which the Utilisation Certificates against earlier releases are sent. Therefore, this shall be enforced before issuing the BROs at the level of concerned Finance Secretaries in the Finance Department and then at the level of the Treasury Officers/PAOs when the HODs/DDOs submit bills for drawal of funds on behalf of such institutions. The following Certificates shall be obtained from such Local Bodies and organizations before drawal of any funds from the Treasuries.

- a. Certificate to the effect that Statutory Audit has been completed for 1999-2000.
- b. An undertaking to the effect that maintenance of accounts shall be done in the format prescribed by the C & AG, particularly in the case of local bodies as per the latest instructions of Eleventh Finance Commission in this regard.
- c. An undertaking that Audit objections will be cleared to the extent of 50% by September, 2002 and the balance by December, 2002.
- d. Utilisation Certificates certified by the Statutory Auditor, that the funds previously released have been fully and properly used for the purpose for which they have been sanctioned.

A copy of the Certificate is enclosed as Annexure -VI.

13. Further releases to Local Bodies, Public Sector Enterprises, Autonomous and other Grant-in-Aid Institutions after September, 2002, shall be made subject to further conditions that their statutory audit is brought up to date, including 2000-2001 and subsequently every year and the audit objections, particularly in relation to financial assistance released by Government have been fully and properly replied to and got cleared by the Statutory Auditor.

14. It shall be the responsibility of each HOD and the DDO to ensure compliance and it should be the responsibility of each Treasury Officer/PAO/PAO(W&P) to scrutinize the claims and certificates in accordance with these norms and guidelines before admitting any bills for pre-audit and release of funds. A summary of Action Points discussed in the GO has been provided in Annexure-VII and a Checklist of Action Points has been provided as Annexure-VIII.

15. All the Secretariat heads and the Heads of Department are requested to bring these orders to the notice of their subordinate officers and to take necessary action in the matter and issue the required instructions to the Drawing and Disbursing Officers under their control. This order is available on the AP Government Website "www.ap.gov.in" and "www.andhrapradesh.com".

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.K. ARORA

Principal Secretary to Government

To
 The Principal Accountant General (Audit), AP., Hyderabad.
 The Accountant General (A&E)
 The Director, Treasuries & Accounts, Hyderabad.
 The Pay & Accounts Officer, A.P., Hyderabad.
 The Deputy Financial Adviser (Works & Projects).
 All the Spl. Chief Secretaries/Prl. Secretaries/Secretaries to the Govt.
 The Secretary to Government (GA-Services) Department.
 The Prl. Secretary to Governor of Andhra Pradesh, Hyderabad.
 The PS to CM and PS to all Ministers.
 All Departments of Secretariat.
 All Head of the Departments including Collectors and District Judges.
 The Registrar, AP High Court, Hyderabad.
 The Registrar, AP Administrative Tribunal, Hyderabad.

All the Directors of Accounts of Projects.

All District Treasury Officers.

All the Chief Executive Officers of Zilla Parishads.

All the District Educational Officers.

The Secretaries of Zilla Grandhalaya Samsthas through the Director of Public Libraries, AP, Hyderabad.

All the Commissioners/Special Officers of the Municipalities/ Corporations.

All the Recognised Service Associations.

The Managing Director, APTS, Hyderabad.

The Registrar of all the Universities.

Copy to SF/SC

ANNEXURE-I

Proforma on Pending Audit Paras/Observations

Name of Programme/ Scheme					
Name of Department					
Head of Account					
	Major Head	Sub Major Head	Minor Head	Group Sub-head	Sub-head

Information pertaining to audit observations for the scheme		
	Number	Amount (Rs. lakhs)
Number of pending Audit Paras upto 31st March, 2001		
Number of Audit Paras replied to		
BALANCE - Total number of pending audit observations pending to the scheme=(1) minus (2)		

1. I declare that the information provided above is true to the best of my knowledge and belief.
2. I certify that the final replies to atleast 50% of the audit paras relevant to the scheme have been sent to the AG's office.

Date: Signature of DDO -----

Name of DDO -----

ANNEXURE-II

Proforma on Reconciliation - I**Declaration by DDO**

Name of Department	
Name of District	

1. I certify that the Expenditure Statement and the Statement of Receipts has been prepared for the last month i.e. _____ and the figures have been reconciled with Treasury on or before 4th of the current month.
2. I declare that the information provided above is true to the best of my knowledge and belief.

Date: Signature of DDO -----

Name of DDO -----

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ANNEXURE-III

Proforma on Reconciliation - II

Declaration by Officer nominated by CCO/HOD

Name of Department	
Name of District	

1. I certify that the monthly reconciliation statements (reconciliation of expenditure statements and the statements of receipts with treasury figures) have been submitted to AG for the last quarter i.e. _____ month to _____ month for the year _____.
2. I declare that the information provided above is true to the best of my knowledge and belief.

Date:

Signature of DDO -----

Name of DDO -----

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ANNEXURE-IV

PROFORMA FOR CERTIFICATE OF EXPENDITURE

Name of HOD	
Name of District	
Name of the Agency	

Details of funds released and utilized									
S No	Name of the Work/Scheme	Opening Balance as on the Beginning of the year	Amount Released during the year		Total =3+4+5	Expenditure during the month	Cumulative expenditure during the month	Balance amount available =(6)-(8)	Remarks
			GOI	State Share					
1	2	3	4	5	6	7	8	9	10

I declare that the information provided above is true to the best of my knowledge and belief.

Date: _____ Signature of DDO _____ Name of DDO _____

* ATTACH COPY OF : Bank-certified balances in ALL Bank accounts
ANNEXURE-V
Proforma on actual utilisation of funds under PD A/c *

Name of Programme/Scheme					
Name of Department					
Head of Account					
	Major Head	Sub Major Head	Minor Head	Group Sub-head	Sub-head

Details of funds released and utilized								
Opening Balance		Amount released during the year		Total Available =(1)+(2)+(3)+(4)	Expenditure incurred		Balance amount available	
PD A/c	Bank A/c	GOI share	State Share		Last Month	Cumulative (current year)	PA A/c	Bank Balance
1	2	3	4	5	6	7	8	9

Remarks (Reasons for under utilisation, if any, of funds)

I declare that the information provided above is true to the best of my knowledge and belief.

Date: _____ Signature of DDO _____ Name of DDO _____

Note: In case of the accounts other than PD accounts, the actual utilisation of funds is to be provided in Certificate of Expenditure.

* ATTACH COPY OF : Bank-certified balances in ALL Bank accounts

ANNEXURE-VI

Proforma for Releases to Local Bodies, PSEs and such other Government undertakings

Name of Programme/ Scheme					
Name of Department					
Name of Organisation					
Head of Account					
	Major Head	Sub Major Head	Minor Head	Group Sub-head	Sub-head

Tick Yes or No against the following:	YES	NO
Whether audit is completed for all the years upto 1999-2000?		
Whether accounts for 2000-01 are maintained in revised CAG format?		
Whether pending audit objections are cleared to the prescribed levels? (to the levels of 50% by September 2002 and 100% by December 2002)		
Whether the utilisation certificate, certified by the State Audit, has been sent to the appropriate authority		

1. I declare that the information provided above is true to the best of my knowledge and belief.
2. I certify that the reply to all the audit paras relevant to the scheme has been sent to the AG's office.

Date: _____ Signature of DDO -----

Name of DDO -----

ANNEXURE-VII

ACTION POINTS - SUMMARY

Issue involved	Action required	Responsibility	Penalty for Inaction (if necessary)
1. Audit observations			
Schematic improvement based on the audit observations	Analysis of audit observations at the state level and suggesting improvements in the existing systems	Head of the Department	None
Reply to audit observations	Furnishing the Certificate (Refer Annexure-I) to Treasury/PAO to the extent that all the relevant Audit paras pertaining to the particular scheme have been sent to the	Drawing and Disbursing Officer	No drawals permitted for the scheme for which such certificates are not submitted

	appropriate authority		
Inspection reports by AG	Necessary action for settling the pending inspection reports latest by September 2002	Secretariat Heads/Heads of Departments	No Fresh Budget release order (BRO) would be issued pertaining to those schemes where pendency is not yet settled
2. Abstract Contingent Bills			
Settlement of AC Bills	AC Bills must be settled within three months from the drawal of funds.	Drawing and Disbursing Officer	AC Bills for a particular scheme will not be admitted until the unless the earlier bills are settles
3. Reconciliation of Accounts			
Reconciliation of Accounts	Preparation of Expenditure and Receipts statement and reconciliation of the same before 4th of the succeeding month. Submkission of certificate to the effect that such reconciliation has been completed. (Refer Annexure-II)	Drawing and Disbursing Officer	None
Reconciliation of Accounts	Reconciliation of the accounts before 4th of the succeeding month.	Chief Controlling Officer/ Head of the Department	No drawal of funds for the scheme after 10th of the month until the reconciliation certificate is provided
Reconciliation of Accounts	Reconciliation of department's accounts with AG's figures and issue of monthly reconciliation certificate to AG on quarterly basis. (Refer Annexure-III)	Officer nominated by Chief Controlling Officer/Head of the Department	None
4. Utilisation of Funds			
Effective Budget controls for utilisation of funds	Submission of certificate of expenditure in case of non-PD accounts (Refer Annexure-IV) and certificate of expenditure and balances in all bank accounts in case of PD accounts. (Refer Annexure-V)	Drawing and Disbursing Officer	No further amounts are credited to Deposit Accounts till both the documents are submitted
Actual utilisation of funds	Proof of expenditure for 75% of the amounts earlier drawn is to be submitted.	Drawing and Disbursing Officer	No further amounts are credited to Deposit Accounts till both the documents are submitted
5. Recovery of loans and advances			
Delays or non-recovery of loans and other dues from various institutions	Intimate the overdue instalments of loan recoveries to DDOs	Drawing and Disbursing Officer	None
Delays or non-recovery of loans and other dues from various institutions	Monitoring of recovery targets for default loans on ongoing basis. Ensure that all loans and dues are paid as per the instalments prescribed before sanctioning any further drawals against a scheme.	Drawing and Disbursing Officer	None
6. Releases to Local Bodies, PSEs and such other Government undertakings			
Non-finalisation of accounts and pendency of audit thereof	Certificate for the completion of audits for 1999-2000 and of maintaining accounts in revised CAG format (Refer Annexure-VI)	Drawing and Disbursing Officer	Pending certificate, the funds will not be released
Pending audit replies	Undertaking that pending audit objections are cleared to an extent of 50% BY sEPTEMBER 2002 AND THE BALANCE BY dECEMBER 2002. (Refer Annexure-VI)	Drawing and Disbursing Officer	Pending certificate, the funds will not be released
Funds utilisation	Submission of certificate that the utilisation certificate, certified by State Audit, has been sent to the appropriate authority. (Refer Annexure-VI)	Drawing and Disbursing Officer	Pending certificate, the funds will not be released

ANNEXURE-VIII

CHECKLIST

Accountability for Treasury Officer/PAO (Twin Cities) PAO(P&W) vide G.O.Ms.No.507, Finance (TFR) Department, dated 10.4.2002.

1.	<p>CHECK before, the Bills are passed</p> <p>(1) Whether the full information regarding the status of pending paras mentioned in Annexure-I to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 has been enclosed.</p> <p>(2) It is mentioned in the above certificate that the final replies to at least 50% of the audit paras have been replied to and sent to the AG's office.</p> <p>(3) Signature of DDO is there.</p>	
2.	<p>CHECK</p> <p>(1) Whether the Certificates mentioned in Annexure-II to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 in respect of reconciliation of Expenditure Statement has been enclosed.</p> <p>(2) Signature of DDO is there.</p>	
3.	<p>CHECK</p> <p>(1) Whether the Certificates (1) & (2) mentioned in Annexure-I to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 has been enclosed.</p> <p>(2) Signature of nominated officer is there.</p>	
4.	<p>CHECK before, the Bills are passed pertaining to Non-PD Accounts</p> <p>(1) Whether the Certificates of Expenditure mentioned in Annexure-IV to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 has been enclosed.</p> <p>(2) It is mentioned in the above certificate that 75% of the amount released is already spent or credited back to the treasury.</p> <p>(3) Bank-certified balances in ALL Bank accounts under each scheme has been provided.</p> <p>(4) Signature of DDO is there.</p>	
5.	<p>CHECK before, the Bills are passed pertaining to PD Account</p> <p>(1) Full information regarding the details of funds released and actual utilisation of funds under PD account mentioned in Annexure-V to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 has been enclosed.</p> <p>(2) Bank-certified balances in ALL Bank accounts under each scheme has been provided.</p> <p>(3) Signature of DDO is there.</p>	
6.	<p>CHECK before, the Bills are passed pertaining to PD Account</p> <p>(1) Information mentioned in Annexure-VI to G.O.Ms.No.507, Finance (TFR) Dept., Dt.10.4.2002 has been enclosed.</p> <p>(2) Reply to all the four questions are ticked.</p> <p>(3) Signature of DDO is there.</p>	