

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

State Financial Accountability Assessment Norms for public Finance Accountability –Reporting Mechanism by Drawing & Disbursing Officer to controlling Officer, Controlling Officer to Chief Controlling Officer, Chief Controlling Officer to Secretary -Administrative department – Orders – Issued.

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**FINANCE (TFR.II)DEPARTMENT**

**G.O.Ms.No.285**

**Dated 15.10.2005**  
**Read the following:**

1. G.O.Ms.No.507,Fln. (TFR) Dept., dated 10.04.2002
2. G.O.Ms.No.451,Fln, (TFR) Dept., dated 09.10.2003
3. G.O.Ms.No.534,Fln, (PAC) Dept., dated 28.06.2004
4. G.O.Ms.No.887,Fln (TFR.II) Dept., dated 11.10.2004

**ORDER:**

As a part of Andhra Pradesh Economic Reform Programme, Government has conducted a study on State Financial Accountability Assessment (SFAA)through the Center for Good Governance to identify the strengths and weaknesses of the existing financial systems. The Center for Good Governance has submitted, its study report consisting of various short and long term recommendations. Among others, it is recommended to implement reporting mechanism, by Drawing & Disbursing Officer to Controlling Officer, Controlling Officer to Chief Controlling Officer, Chief Controlling Officer to Secretary of administrative department under intimation to Finance Department on the following fiduciary performance indicators.

- Assete with their department (six monthly)
- All bank accounts outside the government Account (monthly)
- Cash maintenance of cash book and recondition of cash with bank/cash book (monthly)
- Reconciliation undertaken with Treasuries(monthly)
- Utilization Certificates and recovery of specific purpose grants (Monthly)
- Responses to audit observations (months)
- AC/DC bills(Monthly)
- Monthly expenditure statements (Months).

Assets within the Department:

Fiduciary risk is increased by the lack of relevant and relative information about assets. Increasing transparency in reporting would be a strong systemic

incentive for Heads of Departments to improve discipline and accountability for assets and their management. Order were issued in the G. O. 4<sup>th</sup> read above on Asset Management and Maintenance of Registers and Records.

### **Bank Accounts outside the Government Account**

It is noticed that local bank accounts are maintained by many Officers for various schemes to hold monies specific to those schemes. These accounts were neither authorized no mandated by the competent authorities. These amounts were kept outside the Government Account. Interest on these bank account sis not being surrendered to the consolidated fund. As per TR, a Government servant may not, except with the special permission of the Government, deposit in a Bank moneys withdrawn from the Government Account. All the Chief Controlling Officer/ Drawing & Disbursing Officers shall ensure that the bank accounts opened without Government permission are closed immediately.

### **Cash, Maintenance of cash book and reconciliation of cash with bank/cash book:**

It is noticed that no special security arrangements are being made when cash amounts are drawn from Treasury and transported to the office, the Senior Assistant (UDC), entrusted with cash transactions under authorization from the Drawing & Disbursing Officer, furnished neither security deposit nor security nor bond, and inadequate physical checks over cash, and reconciliation with the cash book and the bank. The Drawing & Disbursing Officers/ Chief Controlling Offices shall ensure that the lapses, if any, are rectified.

Instructions were issued in Cir. Memo. No. 3371/84/TFR.II/05, Dt: 25.7.2005 to all the Drawing and Disbursing Officers(DDOs), in the state to take appropriate steps to minimize their cash transactions and reduce their banking Cash Transaction Tax(BCCT) liability, which has come into effect from 1<sup>st</sup> June, 2005 i.e., 0.1 per cent on the cash withdrawal (by whatever mode) exceeding Rs. 100000/- on any single day from an account (other, than savings bank account) with any scheduled bank.

### **Reconciliation undertaken with Treasuries:**

A series of Departmental reconciliations are required as accounts pase up from the Sub- Treasury Officers to the District Treasury Officers, and thereon to the Accountant General. Historically, the reliability of the accounts has been seriously undermined by the lack or irregularity of reconciliations between Departmental figures at each level and those of the STOs, DTOs and the Accountant General. To increase the financial discipline, orders were issued in the G. O. 1<sup>st</sup> red above, regarding reconciliation of accounts and submission of Expenditure Statements with Reconciliation Certificates.

### **Utilization Certificates and recovery of specific purpose grants:**

A key risk area is that of grant-in-aid paid to local bodies, Public Sector, undertakings, autonomous bodies, Non-Governmental Organizations and other institutions to fund their expenditure. It is noticed that accountability is lacking mainly due to.

- a. Poor submission of Utilization Certificates.
- b. Non-maintenance of control register for Utilization Certificates mentoring and submission.
- c. Non-remittance of unused specific purpose grants to the Government.
- d. Poor record for the finalization of accounts, statutory audit of accounts and response to audit observations.
- e. How the funds were utilized exactly.

Orders were issued in g. O. 1<sup>st</sup> read above to enforce discipline before financial releases. Responsibility for enforcing compliance lies with the Heads of Department, the Drawing & Disbursing Officers and District Treasury Officers. This strengthened discipline applies to fresh monies granted from April, 2002 onwards. However, the Head of Departments and the Drawing & Disbursing Officers have to evolve a mechanism for the accountability of funds granted prior to that date.

### **Responses to audit observations:**

If audit is to have an impact on accountability, it is essential that Departments provide timely and appropriate responses to audit observations. Executive Instructions for the speedy settlement of audit observations and Inspection Reports are issued by Finance Department from time to time. Orders were also issued in the G. O. 1<sup>st</sup> read above to increase the Departmental responsiveness. The Departments shall maintain an Audit Objections Watch Register to keep track of the pending outstanding audit observations. Orders were also issued in the G. O. 3<sup>rd</sup> read above regarding constitution of Audit Committees. The objective of the committee should be to review audit observations, co-ordinate a timely and appropriate response to them. Plan the implementation of action required and oversee that implementation.

### **AC/DC Bills:**

Monies are drawn on AC Bills, where monies are required in advance and yet the exact amount required for the purpose cannot be specifically calculated. AC Bills are required to be adjusted within one month from the date of drawal by submission of DC Bills, which accounts for the funds utilized. AC Bills are charged as expenditure. Thus, to the extent that these AC Bills have not been adjusted by the submission of DC Bills confirming actual expenditure, expenditure is overstated or unaccounted for in the accounts. Orders were issued in the G. O. 1<sup>st</sup> read above simplifying theca/DC Bills process with which the maximum number of pending AC bills can never exceed two after April, 2002. the accountability for the period to April, 2002 is seriously lacking and the Head of Departments/Drawing & disbursing Officers shall make an attempt for clearance of pendency shown in the records of Accountant General.

### **Monthly expenditure statements:**

The reliability of the Departmental and the aggregate monitoring reports depends, to a large extent, on the quality of the information they receive from within the Department. This required further improvement to enable proactive and effective Departmental monitoring and financial control throughout budget execution.

Instructions were issued in this regard in Circular Memo. No. 9052-A/78/TFR.II/A2/04, Dt: 17.4.2004.

Although the codal provisions and instructions issued from time to time are very clear in this regard, it is felt by the Government that the controlling Officer/ Drawing & disbursing Officers/Chief Controlling Officers/Administrative Departments of Secretariat are not giving much importance to the monitoring on a periodical basis. There is a widespread need to strengthen the reporting mechanism, by Drawing & Disbursing Officer to controlling Officer, Controlling Officer to Chief Controlling Officer, to chief Controlling Officer, Chief controlling Officer to Secretary of Administrative Department to as to improve the financial discipline and accountability.

Government after careful consideration has checked to strengthen the reporting mechanism, by Drawing & Disbursing Officer to controlling Officer, Controlling Officer to Chief Controlling Officer, to concerned Secretary of Administrative Department to achieve the financial discipline and accountability. A time schedule is prescribed for submission of the reports by Drawing & Disbursing Officer to Controlling Officer, Controlling Officer to Chief Controlling Officer, chief Controlling Officer to concerned Secretary to Department under intimation to Finance Department, on the following fiduciary performance indicator in the formats prescribed in the G. O. 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> read above.

- a. Assets within the Department(six monthly)
- b. All bank accounts outside the Government Account(monthly)
- c. Cash, Maintenance of Cash Book and reconciliation of cash with bank/cash book(monthly)
- d. Reconciliation undertaken with Treasuries (monthly).
- e. Ucs and recovery of specific purpose grants (monthly).
- f. Responses to audit observations (monthly)
- g. AC/DC bills(monthly)
- h. Monthly expenditure statements (monthly)

All the Heads of Departments are hereby directed to implement the reporting mechanism from the level of Drawing & Disbursing Officers working in their Departments.

All the Specula chief Secretaries to Government, Principal Secretaries to Government and Secretaries to Government are requested to bring these instructions to the notice of Subordinate Officers under their control for their guidance and implementation. They are also informed to conduct a periodical review on the reporting mechanism, as suggested above, by the Heads of Departments under their control.

This order is made available on the AP, Government Web Site [www.aponline.gov.in](http://www.aponline.gov.in).

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

P. RAMAKANTH REDDY

PRINCIPAL SECRETARY TO GOVERNMENT

To

All the Special Chief Secretaries to Government.  
Principal Secretaries to Government and Secretaries to Government.  
All the Heads of Departments.

Copy to:

The Director of Treasuries and Accounts, Andhra Pradesh, Hyderabad.  
The Pay & Accounts Officer, Hyderabad.  
The Accountant General, (A&E), Andhra Pradesh, Hyderabad.  
SF/SCs

**Endt. no. DWA/Hyd/Sn-II/A6/2005-06/141**

**DT: 5.11.05**

Copy communicated to all Joint Director of Works Accounts for information and necessary action.

Director of Works Accounts,  
M. J. Road, Hyderabad.

To

All Joint Director of Works Accounts.  
Copy to DWA/JDWA/DWA

//t.c.f.b.o.//

MANAGER ACCOUNTS  
O/o Director of Works Accounts,  
Hyderabad.

Office of the  
Joint Director of Works Accounts,  
LMD Colony.

**Endt. no. JDWA/KNR/Co-Ordn/05-06/342**

**DT: 8.11.05**

Copy communicated to all the Pay & Accounts Officers/Asst. Pay & Accounts Officers of this organization for information and necessary action.

Joint Director of Works Accounts,  
LMD Colony.