

# Andhra Pradesh State Audit Rules, 2000

ANDHRA PRADESH

India

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### Rule ANDHRA-PRADESH-STATE-AUDIT-RULES-2000 of 2000

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Andhra Pradesh State Audit Rules, 2000Published vide Notification No. G.O. Ms. No. 130, Finance and Planning (FW. Admn. II), dated 08.09.2000Last Updated 27th August, 2019No. G.O. Ms. No. 130. - 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.

#### 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)'Group basis audit' 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 thereunder, 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 (GCA) 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 finalised 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 organise 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 or 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 oi 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 authorised 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 Utilisation 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 person 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 authorise 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 approve and issue the reports to the authority noted in column (3) as mentioned in the table below.

S.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 CorporationsTirumala Tirupathi Devasthanams, Urban Development authorities.Dist. Rural Development Agencies and Universities.
2.	Deputy Director (Directorate)	A.P. Housing Board, Hyd. A.P. Employees WelfareFund
3.	Audit Officer	Local Authority or other Authority other thanthose 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)Notwithstanding 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, the travelling allowances and the 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 travelling allowance, Daily Allowance, if the reports are not submitted within the stipulated period including the extended period under sub-rule i4).(ii)at 100% of travelling allowance and 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 Travelling Allowance, Daily Allowances and pay and Allowances if the Reports are not submitted within a period of five (5) days thereafter.(b)Where 100% recovery of travelling 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 travelling allowance, Daily allowance and pay and Allowances, has been effected, the entire period 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 surcharges 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 wilful 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 the 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.

Sl.No.	Name of the Authority	Name of the local/other Authority
(1)	(2)	(3)
1.	Regional Deputy Director	<p>1. All Hindu Religious and Charitable Endowments and Institutions whose Executive Authorities are in the rank of Deputy Commissioner and above except Tirumala Tirupati Devasthanams.</p> <p>2. All Private Engineering Colleges receiving grants-in-aid from the Government.</p> <p>3. All aided Colleges and Schools other than Government Colleges and Schools.</p> <p>4. All Polytechnics receiving aid from the Government.</p> <p>5. Municipal Councils (Special grade and selection grade).</p> <p>6. Mandal Parishads</p> <p>7. Zilla Grandhalaya Samsthas constituted under the A.P. Public Libraries Act, 1960.</p> <p>8. Agricultural Market Committees.</p>
2.	Audit Officer	<p>1. Gram Panchayats</p> <p>2. Municipal Councils (upto and inclusive of first Grade) including notified Area Committees.</p> <p>3. All Hindu Religious and Charitable Endowments and Institutions whose Executive Authorities are in the rank less than that of Deputy Commissioner.</p>

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 Godavari, Guntur, Kurnool and Warangal.
9. District Sailors and Soldiers Board at East Godavari, West Godavari, Krishna, Guntur, Nellore Chittoor, Anantapur Cuddapah, Kurnool and Ranga Reddy Districts.
10. T.B. Sanitorium in Chittoor District.
11. Prize Endowments in East Godavari, Chittoor and Anantapur Districts.
12. N.C.C. Trophy, Anantapur.
13. District Leprosy Funds, 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

(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 Committee and Zilla Grandhalaya 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 reissued 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 authorising 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 Registered 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 Registered 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-rules (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 authorised 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 some 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 fitOR(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 registered Post with Acknowledgement due, the Surcharge 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 Surcharge 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.

## **10. Furnishing of Audit Reports.**

- 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.

## **11. Preservation of Audit Reports.**

- 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.

## **12. Saving.**

- 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 into 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.