



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

# Annual Review Report on the working of Treasuries & PAOs 2024-25



Government of Andhra Pradesh

## Preface

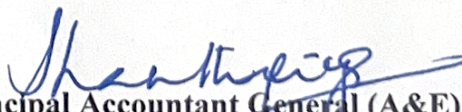
Treasuries constitute a key component of the State's financial administration. They are responsible for the preparation and maintenance of initial and subsidiary accounts and for ensuring that all financial transactions are carried out in accordance with the prescribed financial codes, treasury manuals, and administrative procedures. Similarly, Pay and Accounts Offices play an important role in the financial management of public works by maintaining accounts relating to works expenditure and ensuring compliance with the prescribed accounting procedures. The proper functioning of these institutions is therefore essential for maintaining the accuracy, reliability, and integrity of Government financial records.

To ensure effective internal controls in financial reporting and compliance with the rules and regulations governing financial transactions, periodic inspections of District Treasuries and offices under the Director of Works Accounts are undertaken under Sections 10, 13 and 17 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with the Regulations on Audit and Accounts, 2007. These inspections are intended to examine the adequacy of financial controls, adherence to prescribed procedures, and the proper maintenance of accounts.

This Annual Review Report on the working of Treasuries and the Office of the Director of Works Accounts in the State of Andhra Pradesh for the year 2024-25 has been prepared in accordance with Paragraph 20.17 of the Manual of Standing Orders (A&E) Volume I. The report highlights the deficiencies noticed during the compilation of accounts and the local inspections conducted during the year, with a view to improving the efficiency and effectiveness of financial management.

The review is intended to draw the attention of the State Government and the departmental authorities concerned to delays in the rendering of accounts, deficiencies in the maintenance of initial records, and other shortcomings observed during the course of compilation of accounts and treasury inspections.

It is expected that the Government, the Director of Treasuries and Accounts, and the Director of Works Accounts will take appropriate remedial measures to address the issues highlighted in this report and strengthen internal controls to improve the overall functioning of the Treasuries and Works Accounts system.

  
Principal Accountant General (A&E)

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## Part – I : Introduction

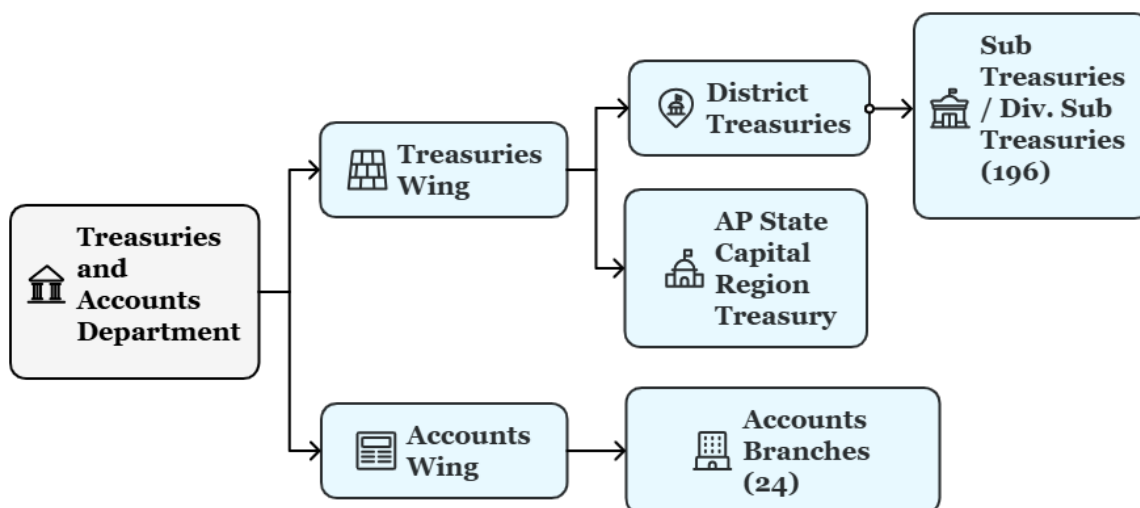
### A. Introduction to the Treasuries & Accounts Department

The Treasuries and Accounts Department was carved out of the Revenue Department with the mandate of ensuring financial propriety and discipline in the management of State public finances. The Department regulates Government receipts and expenditure and ensures that financial transactions are conducted in accordance with prescribed financial rules and treasury procedures.

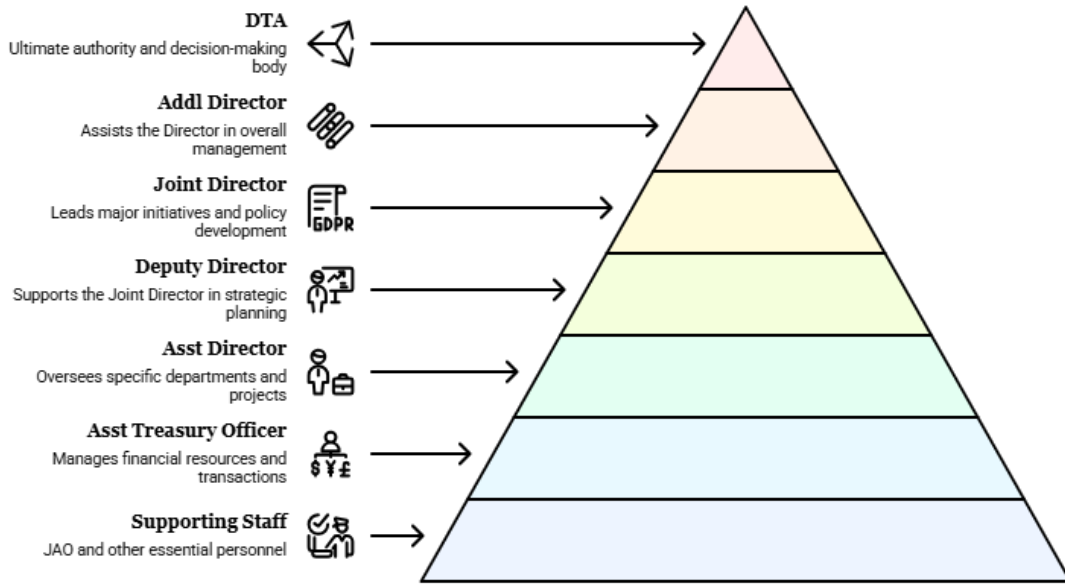
The Department functions through two wings: Treasuries and Accounts. The Treasuries Wing operates at the district and sub-district levels through 26 District Treasuries, the AP State Capital Region Treasury, and 196 Divisional / Sub-Treasuries located at the erstwhile taluk level. These offices process Government bills, receive revenues, and maintain treasury accounts. In addition, Pay and Accounts Officer, Mangalagiri and Pay and Accounts Officer (Andhra Pradesh Bhavan), New Delhi handle treasury transactions and submit Monthly Accounts to this office.

The Accounts Wing functions at the headquarters through Accounts Branches attached to Heads of Departments (HoDs), supporting maintenance of departmental accounts, reconciliation of receipts and expenditure, and compliance with financial procedures. At present, 24 Accounts Branches are functioning out of 183 HoDs at the headquarters level.

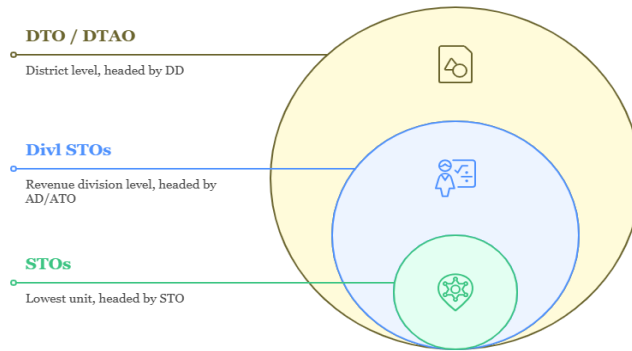
### Treasuries and Accounts Department Structure



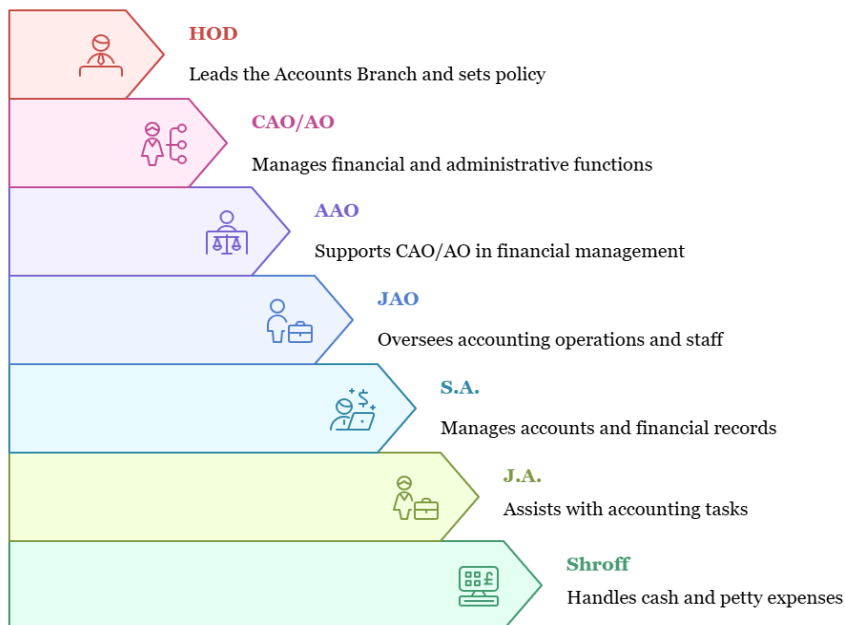
### Directorate Organizational Hierarchy



### Treasuries Organizational Structure



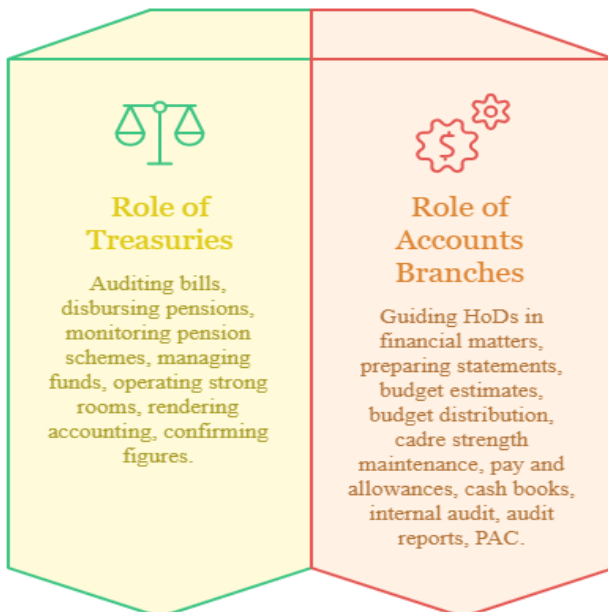
### Accounts Branch Hierarchy



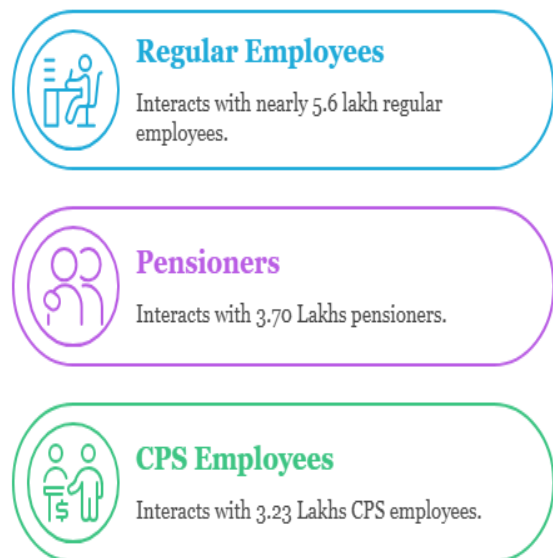
## Role of Treasuries and Accounts Department



## Department Mandate



## Operational Coverage



**Table 1: Department Cadre Strength as on 31.03.2025**

S. No	Category	Sanctioned strength			Working strength			Vacant		
		Br-I	Br-II	Total	Br-I	Br-II	Total	Br-I	Br-II	Total
1	Director	1		1	1		1	0		0
2	Additional Director	1		1	1		1	0		0
*3	Joint Director	3		3	14		14	1		1
*4	Deputy Director/ CAO	17		17	26		26	2		2
*5	District Treasury Officer/ AD	26		26	58		58	2		2
*6	Assistant Treasury Officer /AAO	92		92	200		200	2		2
*7	Junior Accounts Officer/ STO	81	376	457	117	368	485	3	8	11
8	Spl. Category Steno	1	0	1	0	0	0	1	0	1
9	Senior Accountant	198	1129	1327	93	954	1047	120	175	295
10	Upper Division Steno	2	0	2	0	0	0	2	0	2
11	Junior Accountant	73	544	617	3	313	316	70	231	301
12	Lower Division Steno	2	0	2	0	0	0	2	0	2
13	Typist	20	6	26	1	2	3	19	4	23
14	Driver	1	0	1	0	0	0	1	0	1
15	Shroff	7	181	188	0	58	58	7	123	130
16	Record Assistant	4	5	9	0	2	2	4	1	5
17	Office Subordinate	48	348	396	1	135	136	47	213	260
18	Night Watchman	1	7	8	0	1	1	1	6	7
19	Dafedar	1	0	1	0	0	0	1	0	1
20	Sweeper	0	1	1	0	1	1	0	0	0
	<b>Total</b>			<b>3176</b>			<b>2349</b>			<b>1046</b>

\*Working strength is more than Sanctioned strength: The excess working strength is due to postings under foreign service in various departments on obtaining willingness of employees and requisition of employer even though vacancies in regular vacancies.

**Table 2 : Staff position vis a vis volume of work, Number of bills/staff. as on 31.03.2025**

S. No	District	No. of DDOs	No. of Reg. Employees	No. of pensioners	Avg. No. of bills received per month
1	Chittoor	1256	21931	12579	300-1200
2	Ananthapuram	1233	27393	16653	200-3000
3	Kadapa	1235	27190	19082	100-1500
4	Prakasam	1428	26694	16186	600-4000
5	Anakapalli	1023	16250	8324	500-1100
6	Konaseema	904	15219	10126	100-900
7	EG Rajamahendravaram	869	18897	13412	300-1800
8	Palnadu	969	19447	9888	300-2000
9	Vizianagaram	1212	22307	14841	250-2500
10	Krishna	919	18664	14159	250-3000
11	Visakhapatnam	532	24452	18969	600-4500
12	Nandyala	1042	20237	10928	100-3000
13	NTR	826	22366	19593	150-3500
14	Nellore	1412	29490	21664	170-10400
15	Bhimavaram	859	15926	14808	300-900
16	Guntur	798	23268	23943	160-1200
17	ASR @ Paderu	941	15454	3124	350-1200
18	Srikakulam	1508	25801	16525	300-2400
19	Manyam at Parvathipuram	731	12266	5846	750-1650
20	Kakinada	981	21613	18502	410-3000
21	Eluru	1190	21325	13317	400-4000
22	Tirupati	1303	29894	17818	180-2000
23	Bapatla	878	15932	9610	200-800
24	Satya Sai	1028	18887	8175	400-1500
25	Kurnool	1208	26767	17391	530-4900
26	Annamayya	1037	18539	10395	210-970
	<b>Total</b>	<b>27322</b>	<b>556209</b>	<b>365858</b>	

**Table 3 : Statement showing district wise break up of ATOs/STOs**

S. No	Name of the District Treasury	DTAOs	No. of Div. Treasuries	No. of Sub Treasuries	Total
1	Srikakulam	1	1	11	13
2	Manyam at Parvathipuram	1	2	2	5
3	Vizianagaram	1	0	10	11
4	Visakhapatnam	1	1	1	3
5	Alluri Sitharama Raju at Paderu	1	3	3	7
6	Anakapalli	1	2	6	9
7	Kakinada	1	2	4	7
8	East Godavari at Rajamahendravaram	1	2	3	6
9	Ambedkar Konaseema at Amalapuram	1	2	5	8

10	Eluru	1	3	5	9
11	West Godavari at Bhimavaram	1	1	6	8
12	NTR at Vijayawada	1	1	7	9
13	Krishna at Machilipatnam	1	1	7	9
14	Palnadu at Narasaraopet	1	2	7	10
15	Guntur	1	2	3	6
16	Bapatla	1	0	6	7
17	Prakasam at Ongole	1	1	7	9
18	SPSR Nellore	1	4	7	12
19	Kurnool	1	2	4	7
20	Nandyala	1	1	7	9
21	YSR Kadapa	1	1	8	10
22	Ananthapur	1	1	9	11
23	Sri Satya Sai at Puttaparthi	1	3	4	8
24	Annamayya at Rayachoti	1	2	6	9
25	Chittoor	1	0	6	7
26	Sri Balaji at Tirupati	1	2	10	13
27	Director of Treasuries and Accounts	1	0	0	1
28	AP Capital Region Treasury, Mangalagiri	1	0	0	1
	<b>Total</b>	<b>28</b>	<b>42</b>	<b>154</b>	<b>224</b>

**Staff Position vis-à-vis Workload:**

1. Due to rationalisation of Sub-Treasury jurisdictions, additional mandals have been attached to nearby Sub-Treasuries, increasing the number of Drawing and Disbursing Officers (DDOs).
2. This has increased the workload of existing staff, particularly in bill scrutiny, processing, and account compilation.
3. Although CFMS has simplified certain procedures, audit and scrutiny responsibilities continue to rest with treasuries, and the introduction of multiple Government schemes has further increased the volume of bills.
4. In view of the increased workload, treasury units require strengthening in terms of staff strength and capacity to ensure efficient functioning.

**The status of new interface/software application in respect of Class IV GPF accounts:**

The present new interface in respect of class-IV GPF accounts working well, however options of updating open balances, final authorizations, suspense clearance are under testing. They are to be completed.

**Computerisation of Treasuries:**

1. Government of Andhra Pradesh implemented the Comprehensive Financial Management System (CFMS), a SAP-based ERP platform, through G.O.Ms.No.192 dated 10 July 2016 and G.O.Ms.No.203 dated 21 October 2016 to integrate Government financial transactions including receipts, expenditure, budgeting, PD accounts, HR, accounting and reporting.

2. Under Phase-I, the Receipts Module was launched on 01 March 2018 and the Expenditure Module on 02 April 2018, introducing electronic workflow with maker-checker-approver roles, Aadhaar authentication, digital signatures and online bill submission with real-time budget checks and FIFO payment processing.
3. In Phase-II, CFMS was expanded to include the Human Resource Management module covering personnel administration, payroll and leave management, along with modules for works management, expenditure sanctions and debt management.

### **Achievements**

CFMS has improved treasury functioning by enabling online submission and processing of bills and reducing physical movement of documents. Monthly Accounts are generated electronically and submitted to the Accountant General. Payments are made through e-Kuber directly to beneficiaries' bank accounts, while Government receipts are increasingly collected through online platforms such as SBIMOPS and PAYU. Pension records have also been digitised and maintained electronically.

### **Role of APCFSS**

The Andhra Pradesh Centre for Financial Systems and Services (APCFSS) is responsible for development and implementation of CFMS. The Treasury Department acted as the domain consultant during Phase-I. APCFSS continues to oversee Phase-II implementation and provides technical support through district-level helpdesks.

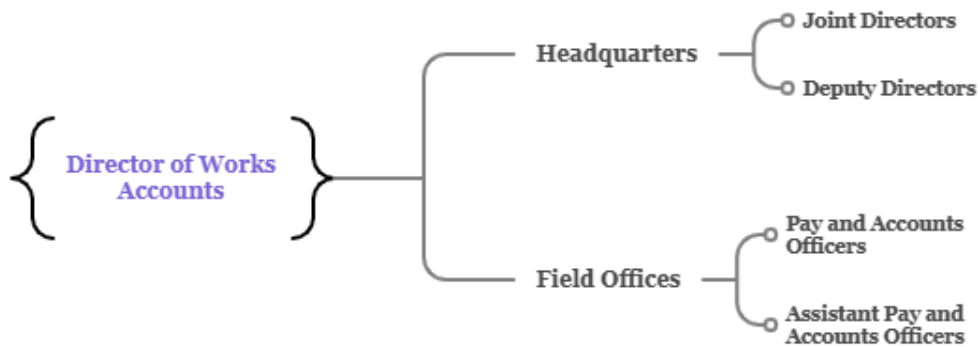
### **Availability of necessary infrastructure**

SAP and HERB are browser-based applications being used, operating over LAN/WAN; SAP runs on the SAP ERP platform with controls for data ownership, policies, and accountability, while HERB runs on a Java/React platform with a microservices architecture and login-based ownership controls.

## B. Introduction to the Works Accounts Department

The office of the Director of Works Accounts (DWA), Andhra Pradesh, functions under the Finance Department of the Government of Andhra Pradesh as a specialized financial control organization responsible for monitoring expenditure on public works. The Directorate deals with the scrutiny, accounting, and authorization of payments relating to infrastructure works executed by various engineering departments of the State Government. Since public works involve significant financial outlays and contractor payments, the Works Accounts system acts as an institutional mechanism to ensure that expenditure is incurred strictly in accordance with government rules, sanctioned estimates, and budget provisions.

### Organizational Structure of Works Accounts Directorate



### Scrutiny and Passing of Works Bills

One of the principal responsibilities of the Works Accounts organization is the scrutiny and passing of contractor bills submitted by engineering departments. These bills relate to works such as construction of roads, irrigation projects, public buildings, and water supply schemes. Before authorizing payment, Works Accounts offices verify administrative sanction, technical sanction, agreement conditions, measurement book entries, and availability of budget under the relevant head of account. This process ensures that payments are made only after confirming the correctness of claims and compliance with prescribed financial procedures.

### Accounting and Financial Reporting

The Directorate also performs the function of maintaining detailed accounts of expenditure incurred on government works. Pay and Accounts Offices functioning under the Directorate maintain records of bills passed, payments authorized, and expenditure incurred under different projects and schemes. These accounts are periodically compiled and form part of the financial reporting system of the State Government. Proper classification of expenditure and timely reconciliation with the office of the Accountant General help ensure accuracy and transparency in the accounting of public works expenditure.

**Table 4 : Statement showing district wise break up of JDWA/PAO/APAO**

S. No.	Name of the District	JDWA	PAO	APAO	Total
1	Dowlaiswaram	1	0	1	2
2	Srikakulam	0	1	0	1
3	Vizianagaram	0	0	1	1
4	Visakhapatnam	0	1	0	1
5	Kakinada	0	0	1	1
6	Eluru	0	1	0	1
7	Vijayawada	0	1	0	1
8	Kadapa	1	1	0	2
9	Anantapur	0	1	0	1
10	Chittoor	0	0	1	1
11	Pulivendula	0	0	1	1
12	Kurnool	0	1	0	1
13	Nandyal	0	0	1	1
14	Tirupathi	0	1	0	1
15	Ongole	1	1	0	2
16	Guntur	0	1	0	1
17	Narasaraopet	0	0	1	1
18	Nellore.I (SP)	0	0	1	1
19	Nellore. II (TGP)	0	0	1	1
	<b>Total</b>	<b>3</b>	<b>10</b>	<b>9</b>	<b>22</b>

**Table 5 : Statement showing district wise break up of JDWA/PAO/APAO**

S. No.	Designation	SS	MiP	Vacant
1	Director	1	1	0
2	Joint Director of Works Account	3	2	1
3	Pay & Accounts Officer	10	9	1
4	Asst. Pay & Accounts Officer	10	6	4
5	Junior Pay & Accounts Officer	90	89	1
6	Senior Accountant	283	205	78
7	Junior Accountant	116	39	77
	<b>Total</b>	<b>513</b>	<b>351</b>	<b>162</b>

### Integration with Digital Financial Systems

The functioning of Works Accounts offices has been significantly strengthened with the implementation of the Comprehensive Financial Management System (CFMS) in Andhra Pradesh. Under this system, works bills are processed electronically, allowing for online scrutiny, approval, and tracking of payments. Once bills are passed through the system, payments are released through electronic fund transfer mechanisms integrated with the State's

banking network. The adoption of digital systems has improved transparency, reduced delays in processing bills, and enhanced financial monitoring of government works expenditure.

### **NIDHI Portal and Digital Works Management**

In addition to CFMS, the Government of Andhra Pradesh has introduced the NIDHI portal as an advanced platform for managing financial transactions and works-related processes. The portal integrates several stages of works execution, including administrative sanction, technical sanction, agreement management, digital measurement book maintenance, and contractor bill processing. Engineering departments upload works details and financial data into the system, enabling electronic scrutiny and validation before payments are authorized. For the Works Accounts organization, the NIDHI portal provides a structured digital workflow that strengthens financial oversight, improves transparency, and ensures that payments relating to government works are processed only after satisfying the required financial and procedural checks.

**Table 6 : Statement showing availability of necessary infrastructure**

<b>Hardware and Software</b>	
<b>Software being used and Vendor by whom installed</b>	CFMS / NIDHI Works Module developed in APCFSS
<b>Hardware being used</b>	Desktops, Laptops, Printers, Scanners
<b>LAN / WAN</b>	Private
<b>Security Architecture</b>	APCFSS

**Source:** The information presented above is based on the details furnished to this office by the Director of Treasuries and Accounts (DTA) vide Lr.No.FIN02-19028/4/2024-I SEC-DTA dated 24-02-2026 and by the Director of Works Accounts (DWA) vide Letter No. DWA/AP/Mnglr/Sn.II/A.2/2025-26/216 dated 18-02-2026.

## **Part – II : Irregularities noticed during compilation & verification of Accounts**

The Government of Andhra Pradesh implemented the Comprehensive Financial Management System (CFMS) with effect from 01 April 2018. Under this system, financial transaction data from District Treasuries and Pay and Accounts Offices is transmitted electronically to the office of the Principal Accountant General (A&E) for preparation of the Monthly Civil Accounts (MCA).

Through CFMS, the office receives nine treasury reports in PDF format from all DTAOs and PAOs. In respect of Public Works PAOs, only seven reports are received as GPF and Loan Schedule Reports are not applicable. The reports received are:

1. Main Account (MA)
2. Deposits with Reserve Bank (RBD)
3. Sub-Account-wise Abstract for Receipts
4. Sub-Account-wise Abstract for Payments
5. List of Receipts (LOR)
6. List of Payments (LOP)
7. GPF Schedules Report
8. Loan Schedules Report
9. Plus and Minus Memorandum Report

In addition to these reports, transaction data for compilation is received through the SFTP server and CFMS portal in the form of .SA and text files. The data is processed through system applications for validation and reconciliation. After necessary checks and corrections, it is used to generate the Monthly Civil Accounts (MCA) and Detailed Booked (DB) figures for reporting.

### **The following irregularities were noticed during compilation and verification of accounts for the year 2024–25:**

#### **1. Incorrect classification and misclassification of transactions**

Transactions were repeatedly booked under incorrect classification heads. For instance, amounts under 0039-00-105-00-98 were booked under Detailed Head 003 instead of 001 based on challan details. Similarly, transactions under 0075-00-105-00-81-000 were booked under Minor Head 105 instead of Minor Head 800. In addition, 3,835 instances of misclassification of GPF debit and credit transactions were noticed, where GPF transactions were booked under other Deposit heads and vice versa. Such errors distort the accuracy of accounts and require rectification during compilation.

#### **2. Operation of heads in violation of LMMH provisions**

Instances were noticed where classification combinations not permitted under the List of Major and Minor Heads (LMMH) were operated. These included the use of Minor Head 101 with Major Head 0070/0700 and Sub-Major Head 80, and operation of Sub-Major

Head 01 under Major Heads 4701 and 4702, which had to be corrected to Sub-Major Head 00 during compilation.

### **3. Operation of duplicate heads and errors in adjustment procedures**

Transactions were booked under duplicate or incorrect sub-heads despite the existence of appropriate classifications. For example, “TDS on GST” was operated under Sub-Head 03 under 8658-00-139, though the same nomenclature already exists under Sub-Head 01. Similarly, Sub-Head 17 was created for PMKSY – Har Khet Ko Pani – RRR of WBs Scheme, though the scheme already exists under Sub-Head 36. In addition, numerous mistakes were noticed in the booking of Alteration Memoranda (AMs) by Treasuries, leading to pending adjustments and inaccuracies in classification.

### **4. Weak scrutiny in processing of transactions and settlement of GPF claims**

Instances were observed where transactions were booked without adequate scrutiny of classification and processing status. Expenditure relating to Urban Health Services – Allopathy was booked under Major Head 2210 with Sub-Major Head 00 instead of 01. Further, bills still under processing were included in the .SA files, though only fully processed transactions should be incorporated in the Monthly Civil Accounts. It was also noticed that in 47 cases of GPF death claims, the Booster amount of ₹20,000/- authorized under GPF Rule 30-A was not paid, leaving ₹9.40 lakh unpaid, indicating deficiencies in monitoring of GPF authorizations at the Treasury level.

### **5. Non-accounting of Interest on ZPPF and absence of Budget provision**

The Zilla Parishad Provident Fund (ZPPF) subscriptions of Zilla Parishad employees are maintained by the State Government, with contributions accounted under Head of Account 8009-60-103-01-30-001-001. The balances under this head amounted to ₹4,797.47 crore as on 31 March 2024. The annual interest on the outstanding balances should be credited into MH 8009 from MH 2049 after March (P) accounts, which is required to be intimated to the Accountant General’s office, to enable proposing necessary TEs during March (S). No such communication was made to the Accountant General. Further, no budget provision was made in BE 2025–26 under MH 2049, and no dedicated sub-head exists for booking expenditure towards interest on ZPPF.

The non-accounting of accrued interest on ZPPF has resulted in understatement of the Revenue Deficit and failure to reflect the true liability of the State. The Government of Andhra Pradesh needs to intimate the Accountant General in advance for proposing and incorporating necessary TEs during March (S), make adequate budget provision under MH 2049 with an appropriate sub-head, and ensure accurate accounting of both subscriptions and accrued interest. Timely adjustments in accounts are essential to avoid misstatement of fiscal indicators and to present a true and fair view of the State’s financial position.

## **Part – III: Irregularities noticed during inspection of Treasuries**

### **Coverage of Treasury and Pay and Accounts Offices**

The State has 224 Treasury offices, comprising 26 District Treasuries and Accounts Offices (DTAOs), 196 Divisional / Sub-Treasuries, the Directorate of Treasuries and Accounts (DTA) and the AP State Capital Region Treasury. Out of these, 90 offices (26 DTAOs and 64 Divisional / Sub-Treasuries) were included in the Audit Plan for the year 2024-25, and all the selected offices were inspected during the year.

Further, out of 10 Pay and Accounts Offices (PAOs) and 9 Assistant Pay and Accounts Offices (APAOs) functioning in the State, 7 PAOs were included in the Audit Plan for the year 2024-25, and all the selected offices were inspected during the year. The detailed list of offices inspected is provided in **Annexure-I**.

During the course of inspections, minor irregularities noticed were settled at the Treasury / PAO level by obtaining necessary clarifications and ensuring compliance. However, certain major irregularities remained unsettled and were reported through Inspection Reports.

The major irregularities noticed in Treasury Offices related to excess disbursement of pensions, discrepancies in General Provident Fund (GPF) accounts, irregular operation of Personal Deposit (PD) accounts and drawal of funds through Abstract Contingent (AC) Bills without adjustment through Detailed Contingent (DC) Bills. In Pay and Accounts Offices, the irregularities mainly pertained to booking of minor works expenditure under various capital heads, improper drawal of Forest Advances and non-implementation of revised GST rates on works contracts. These irregularities were communicated through Inspection Reports to the Director of Treasuries and Accounts (DTA), Director of Works Accounts (DWA), District Treasury and Accounts Officers (DTAOs), Sub-Treasury Officers (STOs) and Pay and Accounts Officers (PAOs) for necessary corrective action.

### **Outstanding Inspection Reports and Paras**

The Principal Accountant General (A&E) conducts periodic inspections of Treasuries to verify transactions, examine the maintenance of accounts and ensure compliance with the prescribed financial rules and procedures. After completion of inspection, Inspection Reports (IRs) are issued highlighting irregularities that could not be settled during inspection.

These Inspection Reports are forwarded to the Treasury Officer concerned, with copies to the District Treasury and Accounts Officer and the Director of Treasuries and Accounts (DTA) for necessary action.

As per Instruction 3 under Treasury Rule 31 of APTC Volume-I, the Treasury Officer is required to settle post-audit objections within a fortnight of their receipt and maintain a Post-Audit Register to monitor their clearance.

However, as of 31 March 2025, 704 Inspection Reports containing 2,135 observations were pending for settlement due to non-receipt of replies or compliance from the treasuries concerned. The district-wise position is given below:

<b>S. No</b>	<b>District</b>	<b>Inspection Reports</b>	<b>Paras</b>
1	Kadapa	51	222
2	Vishakapatnam	27	147
3	Srikakulam	45	135
4	Guntur	41	125
5	Ananatapuram	35	103
6	Palanadu	34	100
7	Ongole	35	94
8	Nellore	39	90
9	Nandyal	34	88
10	Kurnool	24	83
11	Satya Sai	26	83
12	Vizianagaram	28	82
13	Eluru	23	75
14	Chittoor	24	75
15	Annamayya Rayachoti	22	74
16	Amalapuram	23	62
17	East Godavari	24	61
18	Baptala	21	61
19	Kakinada	21	58
20	Tirupati	26	57
21	Pravathipuram	18	51
22	Asr.Paderu	14	41
23	Krishna	23	37
24	NTR	20	37
25	DTA	6	36
26	Anakapalli	11	34
27	CRT	4	18
28	West Godavari	5	6
	<b>Total</b>	<b>704</b>	<b>2135</b>

**1. Irregularities noticed in submission of DC Bills against AC Bills**

As per the instructions contained in G.O.Ms.No.391 dated 22-03-2002, G.O.Ms.No.507 dated 10-04-2002, Finance (TFR) Department Memo dated 18-05-2002 and DTA Circular Memo dated 31-05-2002, all Abstract Contingent (AC) bills drawn during a financial year shall be settled by submission of Detailed Contingent (DC) bills within three months from the date of drawal. Drawing and Disbursing Officers are responsible for submission of DC bills within the prescribed time and Treasury Officers are required to monitor settlement of AC advances and ensure that further AC bill drawals are not admitted where earlier advances remain unadjusted.

Inspection of records in various District Treasuries, Divisional Sub-Treasury offices and Sub-Treasuries revealed pendency of AC bills for want of submission of DC bills beyond the prescribed period. A total of 155 AC bills amounting to ₹1,96,88,20,475/- drawn by various Drawing and Disbursing Officers remained unadjusted across 14 treasury offices. The

pendency relates mainly to advances drawn by District Collectorates, Revenue offices (Tahsildars / MROs), Police offices and District Education Offices under different Heads of Account. In several instances, advances drawn in earlier financial years also remained unsettled and additional AC bills were drawn despite earlier advances remaining pending adjustment, indicating inadequate monitoring of AC-DC settlement by treasury authorities.

S. No.	District	Name of the Office	No. of bills	Amount (₹)
1	NTR	DTAO Vijayawada	9	92,46,19,250
2	Alluri Sitharama Raju	DTAO Paderu	20	32,39,17,330
3	Krishna	DTAO Machilipatnam	9	18,02,30,010
4	Bapatla	DTAO Bapatla	39	12,34,01,614
5	SPSR Nellore	DTAO Nellore	2	10,00,00,000
6	Anakapalli	DTAO Anakapalli	9	6,82,76,674
7	YSR Kadapa	DTAO Kadapa	18	6,68,10,607
8	Guntur	DTAO Guntur	10	6,37,69,441
9	Visakhapatnam	DTAO Visakhapatnam	13	3,85,72,558
10	Anantapur	DTAO Anantapur	6	2,96,01,360
11	Prakasam	DTAO Ongole	5	2,25,14,109
12	Nandyal	DTAO Nandyal	12	1,81,15,430
13	NTR	STO Vijayawada (W)	2	53,74,092
14	Kakinada	Div. STO Peddapuram	1	36,18,000
		<b>Total</b>	<b>155</b>	<b>1,96,88,20,475</b>

Failure to submit DC bills within the prescribed period defeats the objective of the AC-DC mechanism intended to ensure proper accounting and verification of government expenditure. Persistent pendency of advances weakens financial discipline and delays verification of actual utilisation of public funds.

Treasury authorities should strengthen monitoring of AC advances and enforce the restriction on further AC drawals until pending DC bills are settled. The Government may institute periodic review and accountability mechanisms to ensure timely adjustment of advances by Drawing and Disbursing Officers.

## 2. Irregularities in processing HR Bills

### 2.1. Lapses noticed in processing of pension payments

During the inspection for the financial year 2024-25, excess payment of pensions and other retirement benefits amounting to ₹2,80,43,296/- was noticed in treasuries of Andhra Pradesh as detailed below:

Nature of Irregularity	Amount (₹)
Fraudulent drawal of pensionary benefits	1,49,65,795
Excess payment of Family Pension	6,54,105
Excess payment of Financial Assistance	55,986
Excess payment of Pensionary Allowances	55,61,501
Excess payment of Pension due to Non-recovery of CVP	57,96,802
Double payment of Commuted value of Pension	7,61,845
Excess payment of Gratuity	2,47,262

## 2.2. Fraudulent Drawal of Pensionary Benefits

Fraudulent drawal of pensionary benefits amounting to ₹1.49 crore was noticed in 21 cases under the jurisdiction of STO Avanigadda. Pensionary benefits were originally authorised through valid CPO/GPO bills in favour of genuine beneficiaries; however, duplicate bills were subsequently processed under the same authorisation in favour of unauthorised beneficiaries. Further scrutiny revealed that the same user ID executed the bills in the roles of Maker, Checker and Approver, bypassing the prescribed segregation of duties in the treasury system and facilitating fraudulent payments.

During review of pension, commutation and gratuity payments processed under STO Avanigadda, noticed that pensionary claims were initially authorised through valid CPO/GPO bills in favour of genuine beneficiaries for an amount of ₹78,11,449/-. However, corresponding duplicate bills were subsequently generated and processed in favour of unauthorised beneficiaries, resulting in fraudulent drawal of Government funds amounting to ₹1,49,65,795/- in 21 cases.

Scrutiny of the bills revealed that fraudulent payments were mainly related to Commutation and Gratuity claims. While an amount of ₹62,11,449/- relating to commutation and ₹16,00,000/- relating to gratuity were legitimately authorised, fraudulent drawals amounting to ₹1,33,65,795/- under commutation and ₹16,00,000/- under gratuity were made through duplicate bills generated against the same authorisations.

Further examination of the treasury system records revealed that the **same user ID had executed the bills in all the three critical stages of processing, namely Maker, Checker and Approver**. This bypassed the prescribed system of segregation of duties and internal control mechanisms meant to ensure independent verification at each stage of bill processing. The absence of such controls enabled the generation and approval of duplicate bills and facilitated the fraudulent drawal of Government funds.

Thus, fraudulent drawal of pensionary benefits amounting to **₹1.49 crore** occurred due to critical system control failures, particularly the absence of enforced segregation of duties and lack of validation against duplicate claims. To prevent recurrence, the treasury system must enforce strict maker-checker-approver segregation, restrict multiple payments against the same CPO/GPO authorisation, and implement validation of statutory ceilings and cumulative disbursements. These controls should be supported by robust audit trails, real-time exception alerts, secure user authentication, and periodic reconciliation between authorised and actual payments.

## 2.3. Pension And Pensionary Allowances

### 2.3.1. Excess Payment of Family Pension

On verification of Pension records at the Treasuries, instances of excess payment of family pension were noticed due to erroneous consolidation of Family Pension, incorrect fixation

and continuation of Enhanced Family Pension beyond the admissible period. The excess payment worked out to ₹6,54,105/- the details of which are given below:

Sl. No	Name of the Office	Nature of Irregularity	Amount (₹)
1	STO Narasapur	Incorrect consolidation of family pension	5,71,246
2		Erroneous revision by State Audit Department	24,000
3	STO Repalle	Enhanced family pension paid beyond admissible period	58,859
<b>Total</b>			<b>6,54,105</b>

### 2.3.2. Excess Payment of Financial Assistance

The Financial Assistance is being granted equal to minimum family pension to families of Police Personnel/Government Officials of other Departments killed by extremists/anti-social elements & those who were not covered by any pension rules. Further in G.O.MS.No.02 FINANCE (HR-III-PENSION, GPF) DEPARTMENT, dated 17-01-2022, enhanced the existing Financial Assistance from ₹6,500/- to ₹10,000/- per month without Dearness Relief from the date of issue of these orders.

It was noticed that Enhanced Financial Assistance i.e., ₹10,000/- per month was paid for the complete month of January 2022 instead of allowing the enhancement proportionately from 17-01-2022 as stipulated in the Government Order. This resulted in excess payment of Financial Assistance amounting to ₹55,986/-, as detailed below:

S. No.	Name of the Office	No. of Pensioners	Total Amount (₹)
1	Div. STO Visakhapatnam	18	32,508
2	STO Anakapalli (west)	5	9,030
3	Div. STO Eluru	5	9,030
4	STO Nandigama	3	5,418
<b>Total</b>		<b>31</b>	<b>55,986</b>

### 2.3.3. Excess Payment of Pensionary Allowances

On verification of Pension records at treasuries, instances of excess / inadmissible payment of Dearness Relief, Additional Quantum of Pension, Dearness Relief on Additional Quantum of Pension, Interim Relief and Medical Allowance were noticed mainly due to the following reasons:

- Reemployed pensioners are not eligible to draw the Dearness Relief on Service Pension during the period of re-employment.
- In cases where a pensioner is drawing two pensions i.e. Service Pension and Family Pension, such pensioner should be entitled to Dearness Relief on only one pension which is more beneficial to the pensioner. Further, such pensioners are not eligible to draw Additional Quantum of Pension and Medical Allowance on both pensions.

The excess payment worked out to ₹55,61,501/-, the details of which are furnished in Annexure-II.

## 2.4. Commuted Value of Pension

### 2.4.1. Excess payment of pension due to non-recovery of Commuted Portion

As per G.O.Ms.No.324, Finance & Planning Department, dated 20-09-1977 and Circular Memo No. 2066-C/123/78/1, Finance & Department, dated 22-11-1978, the deduction in the amount of pension on account of commutation shall become operative from the date of receipt of the commuted value of pension by the pensioner or three (3) months after the issue of authority by the Accountant General, Andhra Pradesh, asking the pensioner to collect the Commuted Value of Pension, whichever is earlier.

However, it was observed that in certain cases the commuted portion of pension was not recovered from the due dates, resulting in excess payment of pension. During the financial year 2024-25, a total amount of ₹57,96,802/- remained outstanding on account of excess payment of pension due to non-recovery of the commuted portion. The details are mentioned in Annexure-III.

### 2.4.2. Excess Recovery of Commuted Value of Pension Resulting in Short Payment of Pension

As per G.O.Ms.No.324, Finance & Planning Department, dated 20-09-1977 and Circular Memo No.2066-C/123/78/1, Finance & Department, dated 22-11-1978, the deduction towards commuted portion of pension shall commence from the date of receipt of the commuted value by the pensioner or after three (3) months from the date of issue of authority by the Accountant General, Andhra Pradesh, whichever is earlier.

However, it is observed that in certain cases excess recovery of the commuted portion of Pension was made, resulting in short payment of pension. During the financial year 2024-25, a total amount of ₹14,55,620/- represents short payment of pension due to excess recovery of the commuted value of pension. The details are mentioned in Annexure-IV.

### 2.4.3. CVP - Miscellaneous

1. Double payment of CVP bills amounting to ₹7,61,845/- was noticed at Divisional STO, Kandukuru.
2. Non-payment as well as non-recovery of the Successor State of Andhra Pradesh portion in 2<sup>nd</sup> Commuted Value of Pension were noticed at STO, Bhimadole.

## 2.5. Excess Payment of Gratuity

As per SR 32 under TR 16, the Treasury Officer shall not make any payment without obtaining adequate information as to its nature and shall not accept any voucher which does not formally present this information, unless there are valid reasons, which he shall record in writing, for not insisting that the information be shown in the voucher. He shall make sure, that he will be in a position to satisfy the Accountant General that the claim made in every bill that he pays, is valid and to prove to him that the payee actually received the

amount of the bill. He shall also check carefully that the rules regarding the completion of vouchers and the endorsements on bills have been observed.

However, it was observed that in certain cases, the Retirement Gratuity / Death Gratuity was paid in excess of the amount authorised by the Pension Authorising Authorities. During the financial year 2024-25, a total amount of ₹2,47,262/- was paid in excess on account of Retirement Gratuity / Death Gratuity. The details are as follows:

Sl. No	Name of the Office	Amount (₹)
1	Div. STO Vijayawada (East)	1,24,567
2	STO Hindupur	1,22,695
<b>Total</b>		<b>2,47,262</b>

## 2.6. HoA misclassification

As per the instructions of Government on CFMS, bills shall be verified before approval by the Approver (STO/ATO/AD/DD) with respect to the correctness of the bill, Head of Account under which allocable in all aspects, with reference to the Treasury / Financial / other rules / instructions of the Government / HoD in force and scanned documents enclosed to the Bill.

During scrutiny of bills, it was noticed that certain bills were classified under incorrect Heads of Account, the details of which are furnished in **Annexure-V**.

## 2.7. Undrawn Pensions for more than one / three years

As per SR 86 (a) under TR 16, if a pension remains undrawn for more than one year, the pension shall cease to be payable. Further, as per instructions 60 under TR 16, when a pensioner fails to receive his pension for one year, the disbursing officer should make enquiries through the District Police, as to the cause of his non-appearance stating clearly where the pensioner was residing, and the pension should not be paid till the enquiry is completed and the payment may be resumed if no objection is found as a result of enquiry.

As per SR 87 (c) under TR 16 the Treasury Officer shall return Disbursers' halves of the PPOs to the A.G. with a half yearly statement of undrawn pension for more than one year.

The details of pensions undrawn for more than one year are mentioned below:

S. No.	Name of the Office	No. of Pensioners
1	Div. STO Vijayawada (East)	84
2	STO Sattenapalli	30
3	Div. STO Ongole	98
4	STO Bapatla	15
5	Div. STO Rajamahendravaram	6

### 3. Irregularities noticed in processing other HR bills

#### 3.1. Deficiencies in transfer of CPS balances to DTA (Centralised mode)

As per G.O.Ms.No.82, Finance (HR-III-Pension, GPF) Department, dated 22 June 2023, the legacy Contributory Pension Scheme (CPS) contributions together with the corresponding Government share up to 31<sup>st</sup> March 2023 were required to be transferred to the Directorate of Treasuries and Accounts for credit to the respective PRAN accounts under the centralized accounting arrangement. Instructions issued by the Directorate of Treasuries and Accounts also required treasury offices to transfer the balances available under CPS deposit head 8342001170104001001VN to the centralized deposit account maintained at the Directorate for further adjustment to the individual PRAN accounts of subscribers.

Review of CPS deposit accounts revealed that CPS balances were not transferred to the Directorate within the prescribed timelines in several treasury jurisdictions. In 46 treasury offices<sup>1</sup>, CPS balances aggregating to ₹11,58,79,460/- remained untransferred to the centralized CPS account and continued to remain in decentralized deposit accounts maintained in the treasuries. Apart from the pending transfer of balances, six (6) treasury offices<sup>2</sup> reflected adverse balances in the CPS deposit account, indicating excess transfer of CPS contributions to the Directorate without verifying the available balances in the deposit head.

#### District-wise CPS Balances pending for transfer

District	Amount (₹)
East Godavari	1,98,10,178
Palnadu	1,75,52,870
Nandyal	1,36,89,181
Anakapalli	1,14,73,336
Kakinada	78,19,110
Eluru	77,21,946
Alluri Sitarama Raju	73,95,255
NTR	67,45,050
Sri Sathya Sai	53,09,815

<sup>1</sup> DTAO Paderu and STO Chintapalle (Alluri Sitarama Raju District); DTAO Anakapalli (Anakapalli District); Div. STO Rajampeta (Annamayya District); DTAO Rajamahendravaram and STOs Rajamahendravaram, Korukonda, Anaparthi, Kovvuru and Nidavole (East Godavari District); DTAO Eluru and STOs Eluru, Bhimadole, Chinthalapudi, Jangareddygudem, Polavaram and Kukkunoor (Eluru District); DTAO Guntur and STOs Duggirala, Mangalagiri, Tenali and Ponnur (Guntur District); Div. STO Kakinada, DTAO Kakinada and STO Peddapuram (Kakinada District); DTAO Machilipatnam, STO Kaikaluru and STO Nuzvid (Krishna District); DTAO Nandyal and STOs Allagadda, Dhone, Atmakur, Nandikotkur, Nandyal and Koilakuntla (Nandyal District); DTAO Vijayawada (NTR District); DTAO Narasaraopeta, Div. STO Narasaraopeta and STOs Gurazala, Chilakaluripet, Macherla, Pedakurapadu and Piduguralla (Palnadu District); DTAO Ongole and STO Yerragondapalem (Prakasam District); DTAO Parvathipuram (Parvathipuram Manyam District); DTAO Puttaparthi and STO Rayadurg (Sri Sathya Sai District); STO Rajam (Srikakulam District); STO Puttur and Div. STO Tirupati (Tirupati District); DTAO Bhimavaram (West Godavari District); DTAO Kadapa (YSR Kadapa District).

<sup>2</sup> Div. STO Rajampeta (Annamayya District); STO Rajam (Srikakulam District); STO Puttur (Tirupati District); STO Guntur (Guntur District); STO Srisailem and STO Banaganapalli (Nandyal District).

West Godavari	46,18,008
Tirupati	42,73,104
Parvathipuram Manyam	39,56,679
Prakasam	21,09,995
Krishna	16,46,630
Guntur	9,66,040
YSR Kadapa	7,51,769
Annamayya	29,066
Srikakulam	11,428
<b>Grand Total</b>	<b>₹11,58,79,460</b>

The retention of CPS balances in decentralized accounts beyond the prescribed timelines indicates deficiencies in monitoring the migration of CPS accounting to the centralized mode. Delayed transfer of CPS contributions postpones their credit to the individual PRAN accounts and may deprive subscribers of timely accrual of pension fund returns. The occurrence of adverse balances further indicates weaknesses in reconciliation of CPS deposit accounts and inadequate verification of balances prior to authorising transfers, which may affect the reliability of balances reflected under the public account.

### 3.2. Irregular admission of delayed salary arrear claims

Articles 54 and 55 of the Andhra Pradesh Financial Code (APFC) Vol-I stipulate that arrear claims are determined with reference to the period between the date of sanction of the order and the date of preferring the claim. Where the delay exceeds six months, a deduction of 15 per cent shall be made unless the controlling authority certifies that the delay was not due to negligence, carelessness or ignorance of rules by the claimant. Government instructions further require that a prescribed specimen form indicating the reasons for delay be attached to the bill and that cases involving administrative delay be reported to the Finance Department with action taken against the responsible officials.

Verification of records of the Divisional Sub-Treasury Office, Tirupati revealed that eight arrear salary bills amounting to **₹1.39** crore were admitted long after the sanction of the orders cited in the proceedings without applying the prescribed 15 per cent deduction or obtaining certification from the controlling authority for waiver of the deduction. The omission resulted in possible excess payment of **₹20.83** lakh.

Scrutiny of the vouchers also showed that mandatory supporting documents prescribed under the Financial Code were not available in several cases. The prescribed specimen form indicating whether the delay was attributable to the claimant or to administrative reasons was not attached to the vouchers, and the required indemnity bonds intended to safeguard against duplicate or fraudulent claims were also not found on record.

Admission of delayed arrear claims without applying the prescribed deduction or verifying the reasons for delay indicates inadequate scrutiny of arrear bills and weakens financial control over salary payments, creating the risk of excess payment and non-compliance with the provisions of the Financial Code.

### 3.3. Non-deduction of Income Tax at Source on salary arrear payments

Section 192 of the Income Tax Act, 1961 provides that any person responsible for paying income chargeable under the head “Salaries”, including salary arrears, shall deduct income tax at source at the time of payment at the applicable rate based on the estimated income of the employee for the financial year. Deduction of tax at source is required to be effected at the time of payment of salary or arrears where the employee’s taxable income exceeds the prescribed exemption limit.

Verification of arrear salary bills processed through CFMS revealed instances where tax required to be deducted under Section 192 of the Income Tax Act was not recovered at the time of payment. In 24 arrear payment bills admitted in ten treasury offices<sup>3</sup>, income tax amounting to ₹22,52,393/- was not deducted while passing salary arrear payments. The arrears related to payments arising from pay revisions, notional appointments, leave salary adjustments and other service-related settlements, where several arrear payments involved substantial amounts attracting liability for deduction of tax at source.

Despite this, the arrear bills were admitted and paid without verifying tax liability or ensuring deduction of TDS at the prescribed rate. Non-deduction of tax at source on arrear payments indicates inadequate verification of statutory deductions while processing salary bills, resulting in non-remittance of government revenue and weakening compliance with the provisions of the Income Tax Act.

### 3.4. Irregular Payment of Judicial Pay and Allowances

Government of Andhra Pradesh issued G.O.Ms.No.13, Law (LA&J SC-F) Department dated 29 February 2024 implementing the recommendations of the Second National Judicial Pay Commission prescribing admissibility and limits for several allowances payable to judicial officers including Home Orderly Allowance, Air-Conditioner Allowance, Water Charges, Leave Travel Concession (LTC) and advance increments for higher qualifications. Subsequently, Finance Department Circular Memo No.2491171/63/PC-TA/2024 dated 06 August 2024 clarified ceilings and admissibility conditions for certain allowances including Air-Conditioner reimbursement, Water Charges and advance increments. Pay fixation in promotion cadres is required to follow the provisions of FR-22B and related Government orders governing fixation stages.

Verification of HR bills relating to judicial officers revealed instances where allowances and pay revisions were admitted without applying the prescribed ceilings, admissibility conditions or fixation rules. A total of 29 cases involving excess or inadmissible payments amounting to ₹35,80,260/- were noticed, the details of which are summarised below.

Irregularity	Cases	Amount (₹)
Wrong pay fixation in promotion cadre	3	11,49,520

<sup>3</sup> DTAO Rayachoti; STO Kukunuru; DTAO Nellore; Div. STO Naidupeta; DTAO Visakhapatnam; DTAO Bhimavaram; Div. STO Tenali; DTAO Guntur; DTAO Narasaraopeta; STO Nandigama.

Excess reimbursement of Water Charges Allowance	8	10,32,440
Excess drawal of Home Orderly Allowance	1	6,82,847
Excess advance increments for higher qualification	3	5,39,586
Excess reimbursement of Air-Conditioner Allowance	10	5,27,350
Inadmissible LTC airfare claims through unauthorized agents	4	1,48,517

1. Verification of pay fixation orders in promotional cadres revealed that an additional increment was wrongly allowed during **fixation under FR-22B**, resulting in higher basic pay and consequential excess payment of allowances linked to basic pay. Three such instances across three treasury offices<sup>4</sup> resulted in excess payment of **₹11,49,520/-**.
2. Reimbursement of **Water Charges Allowance** was also admitted substantially in excess of the ceiling prescribed in the Finance Department clarification which limits reimbursement to ₹1,400/- per month for Civil Judges and ₹1,750/- per month for District Judges from 2020 onwards. However, reimbursements ranging from ₹3,000/- to ₹13,340/- per month were admitted in several cases, resulting in excess reimbursement of **₹10,32,440/-** in eight cases across four treasury offices<sup>5</sup>.
3. In STO Kotabommali, **Home Orderly Allowance** arrears amounting to **₹6,82,847/-** were drawn even though the allowance had already been included in an earlier arrear bill for the same officer and period, resulting in duplicate payment.
4. Scrutiny of **advance increments** granted for higher qualifications revealed that increments were calculated on the running basic pay instead of the minimum of the time scale attached to the relevant post as prescribed under the Government orders. Grant of running increments instead of increments based on the minimum stage of the scale resulted in excess drawal of advance increments and consequential Dearness Allowance amounting to **₹5,39,586/-** in three treasury offices<sup>6</sup>.
5. Test check of **Air-Conditioner reimbursement** claims revealed that the ceiling of ₹60,000/- once in five years prescribed in the Finance Department clarification was not applied while passing claims. Reimbursements admitted beyond the prescribed limit in ten cases across five treasury offices<sup>7</sup> resulted in excess reimbursement of **₹5,27,350/-**.
6. Scrutiny of **LTC reimbursement** claims revealed that airfare charges were admitted even though tickets were booked through private travel aggregators or unauthorized travel agencies instead of booking directly from airlines or through authorised agents such as Ashoka Travels, Balmer and Lawrie or IRCTC as prescribed. Four such instances across four treasury offices<sup>8</sup> resulted in inadmissible reimbursement of airfare amounting to **₹1,48,517/-**.

The above cases indicate deficiencies in scrutiny and validation of HR bills relating to judicial officers. Non-application of prescribed ceilings, incorrect computation of advance increments and erroneous pay fixation resulted in excess and inadmissible payments

<sup>4</sup> Div. STO Tenali; DTAO Guntur; DTAO Eluru.

<sup>5</sup> Div. STO Markapur; Div. STO Kavali; DTAO Chittoor; DTAO Kurnool.

<sup>6</sup> Div. STO Peddapuram; DTAO Kadapa; DTAO Prakasam.

<sup>7</sup> STO Badvel; STO Naidupeta; Div. STO Tirupati; Div. STO Markapur; DTAO Kurnool.

<sup>8</sup> STO Kadiri; DTAO Kakinada; DTAO Vizianagaram; STO Bheemunipatnam.

amounting to ₹35,80,260/-, indicating inadequate verification of admissibility conditions while passing salary and allowance bills.

### 3.5. Irregular drawal of certain allowances in Salary / HR bills

Government orders issued from time to time prescribe the categories of employees eligible for various allowances and the conditions governing their admissibility. G.O.Ms.No.160 dated 11.12.2015 of the Finance Department implementing the recommendations of the Tenth Pay Revision Commission specified the categories of employees eligible for conveyance allowance and listed certain posts in Annexure-B that are not eligible for bicycle or motorcycle allowance. G.O.Ms.No.101 dated 11.05.2022 revised allowances to Government employees with effect from 01.06.2022, while G.O.Rt.No.7 dated 03.04.2023 sanctioned financial assistance of ₹200 per month towards newspaper allowance specifically to Gram/Ward Secretariat functionaries under prescribed heads of account. Government also issued G.O.Ms.No.113 and G.O.Ms.No.114 dated 03.06.2022 specifying the pay scales and allowances applicable to employees of the Public Transport Department and stipulated that allowances applicable to other Government employees would not automatically apply to PTD employees unless specifically ordered.

Verification of pay bills and flyleaf records revealed irregular drawal of certain allowances due to non-verification of eligibility conditions while admitting allowance components through CFMS. Instances of inadmissible payments aggregating to ₹54,90,629/- were noticed as detailed below:

1. In 68 cases across six treasury offices<sup>9</sup>, **cycle allowance** was admitted to employees belonging to categories excluded under the Government Order at varying monthly rates ranging from ₹200 to ₹1050 for prolonged periods approximately between April 2018 and August 2024, resulting in inadmissible payment of ₹12,02,725/-.
2. In STO Piduguralla, **newspaper allowance** of ₹200 per month was admitted to Village Revenue Officers working in a Tahsildar office from August 2023 to May 2024 citing Government orders intended only for Gram/Ward Secretariat functionaries, resulting in inadmissible payment of ₹25,800/-.
3. **Night Duty Allowance** amounting to ₹12,974/- was included in the monthly emoluments of a Judicial Officer under STO Ponnur in the salary bill for October 2024 and similar payments were admitted from April 2024 onwards even though no provision exists for such allowance in the compendium of allowances applicable to Judicial Officers.
4. **Night Out Allowance** was admitted without financial sanction in multiple months across ten treasury offices<sup>10</sup>, resulting in irregular payment of ₹32,57,745/-.
5. In DTAO Parvathipuram, enhanced salary benefits in the nature of **Tribal Allowance** were admitted to 24 doctors working in District Hospital, Parvathipuram, resulting in

<sup>9</sup> STO Anaparthi; STO Rajamahendravaram; DTAO Eluru; STO Nidadavole; STO Chilakaluripet; Div. STO Narasaraopeta.

<sup>10</sup> DTAO Nandyal; DTAO Rajamahendravaram; DTAO Machilipatnam; Div. STO Vijayawada West; STO Avanigadda; DTAO Vijayawada; DTAO Kakinada; DTAO Paderu; DTAO Anakapalli; Div. STO Jangareddygudem.

payment of ₹9,91,385/-, though records did not contain orders declaring Parvathipuram town as a Scheduled Area for the purpose of granting such allowance.

### 3.6. Irregular drawal of Additional House Rent Allowance (AHRA)

As per G.O.Ms.No.5, Finance (HR.VI-TFR-A&L-TA) Department dated 30 April 2015, Government ordered that Additional House Rent Allowance (AHRA) shall be payable at eight per cent of basic pay subject to a maximum of ₹2,000 per month only in cases where rent-free accommodation could not be provided to employees holding posts to which Government accommodation is admissible as per rules, as detailed in Annexure-XIII to the Government Order.

Verification of flyleaves and pay bills processed through CFMS revealed irregular drawal of Additional House Rent Allowance (AHRA) due to non-verification of eligibility conditions and lack of scrutiny of sanction orders while passing salary bills. AHRA was allowed to employees holding posts not included among the eligible categories prescribed in the Government Order. In three cases across three treasury offices, employees belonging to ineligible categories were paid AHRA for prolonged periods resulting in excess payment of ₹9,10,880/-. The details of the cases are given below.

Treasury Office	Designation	Period	Paid (₹)
DTAO Rajamahendravaram	Male Nursing Orderlies (4)	Apr'18 – Aug'24	6,16,000
Div. STO Penukonda	General Duty Attendant	Apr'18 – Dec'24	1,62,000
STO Anaparthi	General Duty Attendant	Apr'18 – Aug'24	1,32,880

Apart from the above cases, sample verification revealed that Additional HRA was also allowed to employees belonging to categories such as Multi-Purpose Health Supervisors / Assistants, Police personnel and other staff though these posts are not included among the eligible categories prescribed in the Government order. Such cases were noticed in various hospitals, Primary Health Centres and departmental offices in seven treasury offices<sup>11</sup>.

These irregularities indicate deficiencies in verification of eligibility conditions and lack of scrutiny of sanction orders while processing salary bills through CFMS. Allowing inadmissible allowances results in avoidable expenditure and weakens financial discipline in pay bill processing.

### 3.7. Non-recovery of Festival advance sanctioned

Government of Andhra Pradesh issued orders in G.O.Ms.No.167 dated 20.09.2017, Finance Department, permitting sanction of Festival Advance to Government employees to meet festival expenses, recoverable in ten equal monthly instalments without interest commencing from the salary of the month following the drawal of advance.

<sup>11</sup> DTAO Anantapur; DTAO Guntur; DTAO Ongole; STO Tenali; DTAO Paderu; STO Rajamahendravaram; DTAO Rajamahendravaram.

Verification of HR bills processed through CFMS revealed non-recovery of Festival Advance amounting to ₹4,42,500/- relating to 61 employees across seven treasury offices<sup>12</sup>. The advances were sanctioned during 2023–24 for festivals such as Deepavali, Christmas and Sankranti and were credited to the employees' accounts after the bills were moved to the subsequent financial year. Scrutiny of subsequent salary bills showed that the prescribed instalment deductions had not been commenced despite recovery instructions issued by the respective Drawing and Disbursing Officers.

The lapse indicates deficiencies in verification of deduction schedules while processing salary bills and inadequate monitoring of recoveries relating to advances. It was further observed that, following implementation of CFMS, Loan and Advance registers were not properly maintained, and corresponding flyleaf entries were not recorded, resulting in absence of an effective mechanism to track recovery of advances. Proper maintenance of Loan and Advance registers along with recording of flyleaf entries may therefore be ensured to facilitate effective monitoring and recovery of advances.

#### **4. Irregularities noticed in processing Non - HR bills**

##### **4.1. Deficiencies in treasury scrutiny resulting in non-deduction of statutory taxes**

Section 51 of the Central Goods and Services Tax Act, 2017 read with Government orders issued in G.O.Ms.No.482 dated 24 September 2018 requires deduction of Tax Deducted at Source (TDS) on payments made by Government departments to suppliers of taxable goods or services where the contract value exceeds ₹2.50 lakh. In respect of intra-State supplies, tax is required to be deducted at one per cent each towards CGST and SGST. Further, payments attracting provisions of the Income Tax Act, 1961 are required to be subjected to deduction of Income Tax at the prescribed rates. Bills presented for payment through the treasury system are required to be scrutinised to ensure that all mandatory statutory deductions are correctly affected before authorisation of payment.

Verification of treasury payment records revealed instances where statutory deductions towards CGST, SGST and Income Tax were not affected while passing bills relating to supply of goods and services. Examination of the selected cases disclosed **42 instances** where taxes required to be deducted at source were either omitted or short-deducted before release of payment through treasury systems. These cases occurred across multiple treasury offices and related to payments made under various heads of account including administrative and operational expenditure.

In these cases, treasury scrutiny did not detect the absence of mandatory deductions and payments were released in full to suppliers without recovery of applicable taxes. The short/non-deduction of statutory taxes in the examined cases amounted to **₹1,56,55,977/-** as detailed in **Annexure-VI**.

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<sup>12</sup> DTAO Anakapalli; DTAO Visakhapatnam; DTAO Machilipatnam; Div. STO Vijayawada West; DTAO Bhimavaram; DTAO Paderu; Div. STO Madanapalle.

Analysis of the expenditure pattern indicated that a significant proportion of the higher-value cases related to payments made towards election management activities, including logistical arrangements and procurement of materials and services required for conduct of elections. Bills relating to such expenditure were passed without effecting the prescribed deductions towards CGST, SGST and Income Tax despite the contract values exceeding the threshold requiring deduction at source.

#### 4.2. Deficiencies in control over emergency withdrawals under Treasury Rule 27

Treasury Rule (T.R.) 27 of the Andhra Pradesh Treasury Code permits a District Collector, in circumstances of urgency, to authorise the Treasury Officer in writing to make payments without following the normal treasury procedures. In such cases, the Collector is required to immediately forward a copy of the written authorisation along with a statement explaining the circumstances necessitating such withdrawal to the Accountant General, and the Treasury Officer is also required to report the payment to the Accountant General. Further, under T.R. 24, the Treasury Officer is responsible to the Accountant General for the validity of claims admitted for payment and for ensuring that the payee actually receives the amount withdrawn. T.R. 32(b) stipulates that a Government servant entrusted with government funds remains responsible for such funds until an account of their utilisation is rendered to the satisfaction of the Accountant General.

Examination of treasury vouchers relating to withdrawals made under T.R. 27 revealed that **₹120.55 crore** was withdrawn in **17 instances** by District Collectorates through District Treasuries for meeting expenditure stated to relate to natural calamities, as detailed below:

Sl. No	Treasury	Gross Amount (₹)
1	DTAO Vijayawada	89,00,00,000
2	DTAO Paderu	17,25,00,000
3	DTAO Kakinada	10,00,00,000
4	DTAO Anakapalli	4,30,00,000
	<b>Grand total</b>	<b>1,20,55,00,000</b>

Further, records did not contain copies of written authorisations issued by the Collectors specifying the urgency or circumstances necessitating invocation of T.R. 27. Correspondence indicating that such authorisations and explanatory statements were forwarded to the Accountant General, or that the Treasury Officers had reported these withdrawals to the Accountant General as required under the rule, was also not available on record.

Further verification revealed that detailed utilisation accounts of the withdrawn funds were not produced, including supporting vouchers, sanction orders, purpose of expenditure and details of beneficiaries or agencies to whom payments were made. In the absence of these records, the utilisation of the withdrawn funds could not be verified in audit.

Scrutiny of withdrawals relating to flood relief expenditure further revealed that, in DTAO Vijayawada, an amount of ₹26.76 crore withdrawn under T.R. 27 was transferred to the bank accounts of employees or Drawing and Disbursing Officers through Fully Vouched Contingent (FVC) bills, despite Government instructions requiring relief payments under the relevant object heads to be credited directly to beneficiaries' bank accounts. As FVC bills do not require submission of detailed contingent accounts subsequently, routing funds through this mechanism bypasses an important layer of financial scrutiny and weakens post-payment verification. The authority and justification for adopting this procedure instead of the prescribed mechanism were not found on record.

The absence of mandatory reporting to the Accountant General, non-production of utilisation records for large emergency withdrawals and routing of relief payments through contingent bills weaken financial control over funds drawn under T.R. 27, creating risks of improper utilisation of public funds and weakening the audit trail and treasury accountability.

To strengthen financial oversight, controls may be introduced in the treasury system requiring mandatory uploading of the Collector's written authorisation and justification note before permitting withdrawals under T.R. 27. Post-withdrawal utilisation statements supported by vouchers and sanction orders may also be made compulsory within a prescribed timeframe and subjected to treasury monitoring. Relief payments intended for beneficiaries should be routed only through direct bank transfer mechanisms as prescribed in Government orders, and the use of contingent bills for such transfers may be restricted through treasury validation checks.

### **4.3. Incorrect Booking of Revenue Expenditure under Capital Heads**

Government accounting principles prescribe a clear distinction between revenue and capital expenditure. Rule 31 of the Government Accounting Rules, 1990 stipulates that maintenance charges, working expenses and operational costs relating to projects shall be debited to the Revenue Account. Rules 84 and 98 of the General Financial Rules, 2017 further prescribe that expenditure incurred on maintenance, repairs, administrative functions, salaries and other day-to-day operational activities shall be classified as Revenue expenditure. Indian Government Accounting Standard (IGAS-2) also stipulates that Grants-in-Aid shall invariably be classified as Revenue expenditure irrespective of end utilisation. Capital expenditure is restricted to expenditure incurred for acquisition or creation of assets of a material and permanent nature or reduction of liabilities.

Verification of treasury records revealed that expenditure of revenue nature was booked under various Capital Heads, contrary to the above provisions. The misclassification primarily related to establishment expenditure, including regular pay bills, supplementary pay bills, wages, medical reimbursements and travel expenses. Administrative and operational expenditure such as office expenses, rents, professional services, contractual services, materials and supplies, grants-in-aid and scheme/project assistance were also charged to capital heads. In certain instances, routine administrative payments such as LTC

claims, leave encashment and miscellaneous advances were similarly booked under capital heads.

Consolidation of the irregular bookings indicated that object heads under revenue account involving an aggregate amount of ₹9,10,55,19,668/- were classified under the capital section, even though the underlying transactions did not result in creation of assets of a permanent nature. The object-head-wise distribution of the misclassified expenditure is given in the **Annexure-VII**.

Analysis of the distribution indicates that establishment and routine administrative expenditure constituted the major portion of the irregular booking, with regular pay bills and supplementary pay bills accounting for the predominant share of the total misclassified amount. The irregularity was not confined to a single treasury but was noticed across several treasury jurisdictions. The treasury-wise distribution of the misclassified expenditure is given below:

Sl. No.	Name of the Office	Amount
1	DTAO Kadapa	2,57,64,10,092
2	DTAO Ananthapur	1,20,23,10,322
3	DTAO Nellore	1,07,75,66,409
4	STO Tirupati	94,55,44,535
5	DTAO Ongole	68,86,77,993
6	Div. STO Vijayawada (West)	57,37,43,038
7	DTAO Kakinada	55,49,64,690
8	DTAO Kurnool	49,29,99,090
9	DTAO Visakhapatnam	33,40,06,665
10	STO Bhimavaram	27,26,20,291
11	DTAO Chittoor	22,71,23,314
12	DTAO Paderu	13,91,42,936
13	DTAO Krishna	93,78,164
14	STO Paderu	36,45,680
15	DTAO Vijayawada	30,53,101
16	DTAO Anakapalli	22,89,139
17	DTAO Parvathipuram	9,35,367
18	DTAO Kadapa	7,45,000
19	DTAO Nandyal	2,38,842
20	DTAO Ongole	1,25,000
	<b>Total</b>	<b>9,10,55,19,668</b>

Incorrect classification of revenue expenditure as capital expenditure distorts the structure of Government accounts by overstating capital expenditure and understating revenue expenditure, thereby presenting a misleading picture of asset creation and affecting the reliability of financial statements and fiscal reporting. The Director of Treasuries and Accounts may, therefore, undertake a comprehensive review of all treasury offices to

identify similar instances of misclassification and initiate necessary corrective and remedial action.

#### **4.4. Misclassification of Ex-Gratia and Subsidy Expenditure under Incorrect Object Heads**

The Government of Andhra Pradesh introduced a standardized seven-tier Head of Account (HOA) classification through G.O.Ms.No.69 dated 14 August 2019 to ensure itemised control of expenditure and proper identification of the nature of government spending in financial accounts. Under this classification framework, Object Head 330 – Subsidies is prescribed for subsidy payments to beneficiaries, while 310 – Grants-in-Aid is meant for institutional financial assistance and 317 – Ex-gratia payments is prescribed for compassionate payments such as ex-gratia relief.

Verification of records in the District Treasury & Accounts Office, Krishna District revealed that payment relating to ex-gratia to a deceased employee was classified under Object Head 211 – Materials and Supplies instead of the prescribed object head applicable for ex-gratia payments.

Examination of subsidy-related transactions further revealed misclassification of subsidy expenditure under 312 – Other Grants-in-Aid instead of 330 - Subsidies in two treasury offices. In the District Treasury and Accounts Office, Chittoor District, seven bills amounting to ₹2.53 crore relating to subsidy payments to beneficiaries were booked under Grants-in-Aid though the proceedings indicated that the payments represented subsidy disbursements. Similarly, review of bills processed in the Sub Treasury and Accounts Office, Puttur revealed 25 bills amounting to ₹2,49,943/- where payments relating to subsidy programmes and associated activities were classified under Grants-in-Aid though the major portion of expenditure represented subsidy payments.

Subsidy payments in 32 bills amounting to ₹2.56 crore were misclassified under 312 – Other Grants-in-Aid instead of 330 – Subsidies in two treasury offices. In addition, an ex-gratia payment in one voucher was classified under 211 – Materials and Supplies in the District Treasury Office, Krishna District, though the amount involved could not be ascertained from the extract of available records.

Such misclassification defeats the purpose of the standardized object-head classification system intended to clearly identify the nature of government expenditure. Booking expenditure under inappropriate object heads results in distortion of accounts, affects the correct depiction of subsidy expenditure in government financial statements and weakens scheme-wise monitoring of expenditure.

#### **5. Double / Excess Payments in HR and Non-HR Bills due to System and Scrutiny Deficiencies**

Under SR-32 of TR-16 of the Andhra Pradesh Treasury Code, a bill shall not be passed for payment unless the claim contains adequate information regarding its nature and admissibility and the bill-passing authority is satisfied about the correctness of the claim. The officer authorising payment is required to verify the sanction orders, ensure that vouchers are properly completed and confirm that the claim has not already been drawn. These provisions require

careful scrutiny of bills and supporting documents so as to prevent duplicate drawals, inadmissible claims and erroneous payments.

Examination of HR and Non-HR bills processed through the CFMS system revealed double drawal and excess payments in 19 cases involving eight categories of expenditure amounting to ₹12,62,302/-.

1. In STO Kuppam, **Interim Relief** was drawn by a Part-time Junior Lecturer for the period July-2019 to December-2021 though Government orders exclude part-time contingent employees from eligibility, resulting in inadmissible payment of ₹3,00,510/-.
2. In expenditure relating to hire vehicle charges, three cases were noticed in STO Kambadur and STO Martur, where **hire charges** for the same vehicles were admitted for overlapping or identical periods through bills submitted by different DDOs, resulting in duplicate payments aggregating to ₹2,26,560/-.
3. Scrutiny of **leave salary arrear bills** in STO Nidadavole revealed one case where subsistence allowance already drawn during the suspension period was not adjusted while sanctioning Half Pay Leave salary, leading to excess payment of ₹2,28,256/-.
4. In **Group Insurance Scheme (GIS)** bills, four cases were noticed in STO, Ranastalam and STO Kambadur, where claims relating to the same beneficiaries were processed twice either on duplicated proceedings or identical attachments, resulting in double payments aggregating ₹1,97,173/-.
5. Similarly, three cases were noticed in Div. STO, Madanapalle, DTAO, Puttaparthi and Div. STO Kandukuru, where **rent for private buildings** was drawn twice for identical periods under separate sanction proceedings resulting in duplicate payments aggregating ₹1,47,643/-.
6. Duplicate payments were noticed in **Earned Leave Encashment** claims in six cases processed in STO Ponnur, where the same leave encashment benefits were drawn twice for the same employees through separate CFMS bills resulting in excess payment of ₹99,979/-.
7. Duplicate payments were also noticed in Div. STO Dharmavaram, where the same **Medical Reimbursement** claim supported by identical documents was passed twice under different sub-heads of account resulting in duplicate payment of ₹42,181/-.
8. In **Fixed Travelling Allowance (FTA)** claims, one case was noticed in STO, Palamaneru, where two bills were passed for the same beneficiary covering the identical period from March-2021 to October-2022, leading to duplicate payment of ₹20,000/-.

**Table 7:** Abstract of excess / double payments made.

Sl. No.	Area of Irregularity	Amount (₹)
1	Interim Relief	3,00,510
2	Hire Vehicle Charges	2,26,560
3	Leave Salary	2,28,256
4	GIS Claims	1,97,173
5	Building Rent	1,47,643
6	Leave Encashment	99,979

7	Medical Reimbursement	42,181
8	Travelling Allowance	20,000

These irregularities indicate deficiencies in verification of beneficiary details, claim periods, sanction proceedings and supporting documents prior to authorisation of payment. The absence of system-level validation checks in CFMS to detect duplicate bills, repeated beneficiary claims and overlapping claim periods increases the risk of recurring excess payments and weakens financial control over Government expenditure. System-based validation controls may therefore be introduced in CFMS to detect duplicate claims, repeated beneficiary payments and overlapping claim periods before bill authorisation.

## 6. Deviation from DBT payment procedures under CFMS

Articles 3 and 38 of the Andhra Pradesh Financial Code require that Government funds shall not be drawn unless immediately required for payment and that expenditure must be supported by proper sanction orders and vouchers. Treasury Rule 24 and SR-32 under TR-16 of the Andhra Pradesh Treasury Code place responsibility on the Treasury Officer to verify the validity of claims, ensure completeness of vouchers and confirm that payment reaches the actual payee. Government instructions issued through G.O.Ms.No.69 dated 14-08-2019 and G.O.Ms.No.99 dated 14-08-2019 mandate that payments relating to office expenses, materials and supplies, grants and deposit transactions shall be made only through Direct Benefit Transfer (DBT) to the respective vendors or beneficiaries. These instructions also prohibit self-drawal from deposit or PD accounts except for petty contingent expenditure and require that funds shall not be drawn and parked in DDO or administrative current accounts. The CFMS workflow further prescribes maker-checker-approver validation before authorisation of payments.

Verification of records revealed 16 instances across 15 treasury offices where funds intended for vendors, beneficiaries or deposit account holders were drawn and credited to DDO or administrative current accounts instead of being transferred directly to the end beneficiaries. The irregular drawals involved **₹61.31 crore**, relating to election expenditure, office expenses, materials and supplies, municipal payments and deposit transactions. In several cases, amounts were first drawn into DDO or administrative accounts and subsequently disbursed outside the CFMS beneficiary framework, defeating the Direct Benefit Transfer mechanism prescribed by Government. The details of the transactions including the treasury offices and amounts involved are given below:

Sl. No	Treasury Office	Nature of Irregularity	Amount (₹)
1	DTAO Guntur	Municipal payments routed through current accounts	18,49,00,000
2	DTAO Kakinada	Local funds drawn into DDO accounts under MH-8448	15,23,42,632
3	DTAO Chittoor	Office expenses and materials credited to administrative officer account	6,52,81,424
4	DTAO Annamayya (Rayachoti)	Non-HR expenditure credited to administrative current account	5,98,94,721

5	STO Bhimavaram	Diversion of deposit funds under MH-8448	5,76,56,800
6	DTAO Kurnool	Self-drawal of civil court deposit funds routed through administrative account	3,62,60,475
7	STO Bapatla	Election expenditure credited to MRO account	1,52,99,783
8	DTAO Kadapa	Municipal payments routed through current accounts	1,48,97,692
9	Div. STO Paderu	Finance Commission funds drawn into DDO current account	75,77,789
10	STO Chirala	Election expenditure credited to MRO account	74,14,073
11	STO Tenali	Municipal payments routed through current accounts	30,87,927
12	DTAO Bhimavaram	Procedural deviation in contingent expenditure drawal	28,00,000
13	STO Ponnur	Election expenditure credited to MRO account	23,40,654
14	Div. STO Chittoor	Self-drawal of funds by MPDOs	18,91,441
15	DTAO Kurnool	Self-drawal from PD account for vehicle hire	9,99,875
16	DTAO Anakapalli	Municipal payments routed through current accounts	4,53,852
<b>Grand Total</b>			<b>61,30,99,138</b>

The records further revealed systemic procedural lapses in processing these transactions. Bills were accepted without ensuring that the beneficiary accounts corresponded to the actual vendors or service providers. In certain cases, the CFMS workflow controls were bypassed and bills were processed through a single-user workflow instead of the prescribed maker-checker-approver process. Supporting documents such as vendor invoices, agreements, beneficiary details and deduction statements were either incomplete or not appended to the bills. In some instances, the routing of funds through DDO accounts prevented verification of statutory deductions such as Income Tax or GST. In deposit transactions, funds drawn from PD or other deposit accounts were credited to administrative accounts instead of the intended beneficiaries, contrary to Government orders governing operation of such accounts.

Routing Government funds through intermediary accounts defeats the DBT framework introduced under CFMS and weakens financial control over Government expenditure. Parking funds in DDO or administrative accounts obscures the audit trail of payments, prevents verification of final beneficiaries, and increases the risk of temporary diversion or misuse of Government funds. Acceptance of such bills without ensuring direct beneficiary credit also indicates deficiencies in treasury scrutiny and system validation controls.

### **6.1. Routing of Government Funds through DDO and Employee Accounts instead of Direct Beneficiary Transfer**

Government introduced the Direct Benefit Transfer (DBT) mechanism through CFMS to ensure that payments relating to office expenses, materials and supplies, election

expenditure and similar transactions are credited directly to the accounts of vendors or beneficiaries, thereby eliminating intermediate handling of Government funds and ensuring a complete audit trail of transactions. Government orders issued through G.O.Ms.No.69 dated 14 August 2019, read with Articles 3 and 38 of the Andhra Pradesh Financial Code and Treasury Rule 24 and SR-32 under TR-16 of the Andhra Pradesh Treasury Code, require that payments be made only to the rightful beneficiaries and prohibit routing Government funds through intermediary accounts such as DDO bank accounts or personal accounts of employees. Treasury Officers are responsible for verifying the validity of claims and ensuring that the payee actually receives the amount withdrawn from Government accounts.

Verification of records across 15 treasury offices revealed systemic deviation from DBT payment procedures, where Government funds intended for vendors or beneficiaries were routed through DDO current accounts, personal accounts or salary accounts of employees in 18 instances, involving ₹64,28,96,354/-, as detailed in **Annexure-VIII**.

The irregular drawals related to various categories of expenditure including election expenditure, office expenses, materials and supplies, municipal payments, deposit transactions and other contingent expenditure. In several cases, expenditure bills were drawn into DDO current accounts and subsequently disbursed outside the CFMS payment interface through bank transfers. In certain instances, funds meant for vendor payments were credited directly to personal or salary accounts of employees, even though such employees did not possess drawing and disbursing powers and supporting evidence confirming payment to vendors was not produced to audit.

Routing Government funds through intermediary accounts defeats the fundamental objective of the DBT framework and weakens financial control over Government expenditure. Such practices obscure the audit trail of transactions, prevent verification of beneficiary payments and statutory deductions, and create the risk of diversion or misuse of public funds. Continued drawal of funds into DDO or employee accounts outside the treasury payment system also undermines transparency intended under CFMS and affects the reliability of Government accounts.

## **7. Deficiencies in Monitoring of DDO Current Accounts**

Articles 3 and 38 of the Andhra Pradesh Financial Code stipulate that Government funds shall not be withdrawn unless immediately required for payment and shall not remain in the personal custody of Government servants. Treasury Rule 24 and Subsidiary Rule 32 under TR-16 of the Andhra Pradesh Treasury Code require Treasury Officers to ensure that funds drawn from the Consolidated Fund are properly accounted for and paid only to the rightful beneficiaries.

Audit scrutiny revealed deficiencies in monitoring DDO current accounts by treasury authorities. Funds drawn from the Consolidated Fund were credited to DDO bank accounts and

remained unspent in 1,594 DDO bank accounts across ten treasury offices, involving an amount of ₹49,41,73,972/- as shown below.

Sl. No	Name of the Office	No. of DDOs	Unspent Balance
1	DTAO Kakinada	305	20,62,09,850
2	DTAO Kurnool	174	13,77,93,840
3	DTAO Chittoor	152	6,15,32,609
4	STO Paderu	234	2,84,64,230
5	STO Araku	127	1,85,11,404
6	STO Chintoor	132	1,07,84,671
7	STO Chinthapalli	149	89,48,621
8	STO Rampachodavaram	136	83,43,359
9	DTAO Paderu	44	78,61,855
10	STO Addatheegala	141	57,23,533
	<b>Total</b>	<b>1594</b>	<b>49,41,73,972</b>

Retention of Government funds in DDO bank accounts outside the treasury payment system weakens financial control and distorts the actual position of Government expenditure reflected in Government accounts.

Audit also observed that treasury authorities in three treasury offices<sup>13</sup> did not furnish bank statements or consolidated details of balances lying in DDO current accounts despite requests made by audit. In the absence of such information, utilisation of funds drawn from the Consolidated Fund and credited to DDO bank accounts could not be verified.

Treasury authorities may institute periodic reconciliation of DDO bank account balances with treasury records, ensure prompt remittance of unspent balances to Government account and introduce system-based monitoring within CFMS to capture real-time balances of DDO current accounts.

## 8. Non-transfer of lapsable deposits and PD balances to the Government Account

Article 271 of the Andhra Pradesh Financial Code, Volume I read with Article 127 of the Accounts Code, Volume II stipulates that deposits remaining unclaimed for more than three completed financial years shall be credited to Government account. G.O.Ms.No.43 dated 22 April 2000 classifies deposits such as Civil Deposits and Criminal Court Deposits as lapsable deposits under Category-B. Further, G.O.Ms.No.99 dated 14 August 2019 prescribes the framework for operation and monitoring of Personal Deposit (PD) Accounts and requires treasury authorities to identify balances liable for lapsing before closure of the financial year and initiate action for their transfer to Government account. Repayment of such lapsed deposits can be authorised only by the Accountant General under Article 272 of the Andhra Pradesh Financial Code.

Verification of Deposit Account statements generated through CFMS revealed that deposits which had remained unclaimed for more than three completed financial years were not lapsed

<sup>13</sup> STO Chirala , STO Bapatla, STO Ponnur.

to Government account. Records indicated 17 cases in two treasuries<sup>14</sup> under Major Head 8443 – Civil Deposits amounting to ₹4,45,76,691/-, which continued to remain in deposit accounts as of March 2024, as detailed below.

Category of Deposit	Head of Account	Cases	Amount (₹)
Security Deposits - Mines & Geology	8443-00-103-01-010-01001VN	4	2,20,71,900
Criminal Court Deposits	8443-00-105-01-010-01001VN	13	2,25,04,791
	<b>Total</b>	<b>17</b>	<b>₹4,45,76,691</b>

Scrutiny of PD balance reports further revealed instances where funds released to PD accounts for implementation of schemes and institutional activities remained unutilised at the end of the financial year but were not lapsed by minus debit to the relevant service heads as required under codal provisions. Records disclosed 17 such instances in eight treasuries<sup>15</sup> involving balances aggregating ₹2,42,36,99,648/- as on 31 March 2024, as shown below.

Scheme / PD Account	Head of Account	Cases	Amount (₹)
Mana Badi – Nadu Nedu	8448-00-110-16-120-02001VN	4	1,80,98,48,317
Toilet Maintenance Fund	8443-00-106-11-292-46001VN	3	53,56,191
Institutional PD Accounts (CRDA, E-Pragati, Metro Rail etc.)	8443-00-106	4	60,84,95,140
District Rural Development Agency	8443-00-106-02-080-01001VN	1	36,00,000
Mandala Praja Parishad Women & Child Welfare Fund	8443-00-106-02-060-02005VN	5	41,99,789
	<b>Total</b>	<b>17</b>	<b>₹2,42,36,99,648</b>

Failure to lapse deposits and unspent PD balances after the prescribed period resulted in continued reflection of liabilities in the Public Account and inflated expenditure in the Consolidated Fund for the relevant financial year. Such lapses distort the accuracy of Finance Accounts and weaken financial discipline over deposit liabilities and scheme funds.

## 9. Lapses in monitoring of safe custody articles and strong room security

Instruction 21 under TR 11 of the Andhra Pradesh Treasury Code (APTC), Volume-I read with G.O. Ms. No. 282 dated 21 November 1991 and DTA Memo No. M3/15409/89 dated 02 December 1991 stipulates that articles deposited for safe custody in the treasury strong room should be withdrawn by the depositing authorities once in three years for verification and redeposited where necessary. If such articles are not withdrawn even after three years, penal rent at the prescribed rate of ₹25 per article per annum in respect of Government departments and ₹30 per article per annum in respect of Local Bodies should be recovered from the concerned authorities. Further, Instruction 5 under TR 11 of APTC Vol-I read with G.O. Ms. No.176 dated 25 August 1971 prescribes that duplicate keys of padlocks used in treasuries should be exchanged once in three years with the keys of the District Treasury during the annual inspection of the respective sub-treasury. Instruction 4-C under TR 11 of APTC Vol-I also

<sup>14</sup> DTAO Eluru; STO Piduguralla.

<sup>15</sup> Div STO Adoni; STO Vijayawada (East); STO Mangalagiri; STO Kotabommali; DTAO Vizianagaram; DTAO Konaseema (Amalapuram); DTAO Annamayya (Rayachoti); DTAO Sri Satya Sai (Puttaparthi).

requires that every treasury strong room should be inspected annually by the competent engineering authority and a certificate of safety should be obtained before 15 April each year for the ensuing financial year.

Verification of Safe Custody Articles Registers maintained in six treasury offices revealed that 278 safe custody articles / sealed boxes / packets deposited by various authorities remained in treasury strong rooms beyond the prescribed period of three years, with several cases extending far beyond ten years. The articles included election materials, duplicate keys, sealed trunks, case properties, confidential documents and valuables deposited by authorities such as district election officers, police authorities, revenue officials and other government departments. In certain cases, articles deposited during earlier election processes and criminal investigations continued to remain in strong room custody for prolonged periods without evidence of withdrawal or verification by the depositing authorities.

Treasury Name	No. of articles
Div. STO Vijayawada (East)	221
DTAO Visakhapatnam	30
DTAO Vizianagaram	27
DTAO Ananthapur	6
STO Bapatla	6
Div. STO Vizianagaram	4
<b>Total</b>	<b>294</b>

The persistence of a large number of articles in treasury strong rooms beyond the permissible period indicates lack of monitoring by depositing authorities as well as treasury offices responsible for maintaining the safe custody registers. Non-withdrawal of such articles also results in non-levy and non-collection of penal rent prescribed under rules, though the amount of penal rent recoverable could not be ascertained from the records made available. Continued retention of election materials, seized properties and other sealed valuables in treasury strong rooms for prolonged periods increases the risk of deterioration, misplacement or disputes relating to custody and weakens accountability over articles entrusted to treasury custody.

Examination of records relating to strong room security controls further revealed deficiencies in the prescribed safety procedures. In STO Kanchikacherla, the duplicate keys of treasury padlocks had last been exchanged on 18 March 2020 and were not exchanged thereafter in violation of the prescribed three-year cycle<sup>2</sup>. In STO Mangalagiri, the strong room safety certificate required to be obtained annually from the competent engineering authority was not produced and it was reported that the strong room had been declared unfit from July 2013 onwards without evidence of remedial action or certification of structural safety. These lapses assume significance in view of the large number of safe custody articles being retained in treasury strong rooms.

## Part – IV : Irregularities noticed during inspection of PAOs

### 1. Misclassification of revenue expenditure under capital heads

As per Rule 31 of the Government Accounting Rules, 1990, the Revenue Account should bear all subsequent charges for maintenance, repairs and other working expenses relating to upkeep of assets. Further, expenditure on minor works, maintenance and repairs should be classified under Revenue Heads, whereas only expenditure incurred for creation of assets of a permanent nature should be classified under Capital Heads.

However, during scrutiny of bills processed in various Pay and Accounts Offices, it was observed that expenditure of revenue nature was incorrectly classified under capital heads, as detailed below:

1. **PAO Kadapa:** Expenditure amounting to **₹40.61 crore**, incurred on minor works, repairs and maintenance, was booked under various capital heads instead of revenue heads. Further, an amount of **₹5.77 lakh**, incurred towards wages of employees under the Forest Department, was classified under Capital Head 4406 – Capital Outlay on Forestry and Wildlife instead of the appropriate Object Head 02 – Wages under Revenue account.
2. **PAO Kurnool:** 46 bills amounting to **₹2.84 crore**, relating to works such as desilting, jungle clearance and repairs to check dams, were classified under Head of Account (HoA) 4702 – Capital Outlay on Minor Irrigation (Major Works) instead of the appropriate revenue heads.
3. **PAO Visakhapatnam:** Expenditure on minor works amounting to **₹1.28 crore** was classified under capital heads instead of the appropriate revenue heads.
4. **PAO Srikakulam:** Expenditure amounting to **₹80.98 lakh**, relating to items of revenue nature, was classified under Object Head 530 – Major Works under various capital heads, instead of the appropriate revenue heads.
5. **PAO Vijayawada:** Expenditure amounting to **₹58.35 lakh**, relating to works such as desilting of canals, removal of debris, clearing of jungle and weed removal in irrigation channels, were classified under Head of Account (HoA) 4702 – Capital Outlay on Minor Irrigation instead of the appropriate revenue heads, since the works were maintenance in nature.
6. **PAO Anantapur:** Maintenance and repair works amounting to **₹7.14 lakh**, which are revenue in nature, were classified under capital heads instead of the appropriate revenue heads, which constitutes misclassification. Further, it was observed that an amount of **₹1.55 lakh**, incurred towards wages of employees under the Forest Department, was also classified under Capital Head 4406 – Capital Outlay on Forestry and Wildlife instead of the appropriate Object Head 02 – Wages under Revenue account.

Such misclassification of revenue expenditure under capital heads distorts fiscal indicators and affects the accuracy of financial reporting.

The misclassification noticed across the above PAOs involved an amount of **₹46.27 crore**.

## 2. Misclassification of GST - TDS

As per Correction Slip No. 932 dated 04.06.2019 issued by the Controller General of Accounts, GST-TDS should be classified under Minor Head 139 – GST-Tax Deducted at Source Suspense under Major Head 8658.

However, during scrutiny of bills processed in various PAOs, GST-TDS deductions were incorrectly classified under Minor Head 112 instead of Minor Head 139 under Major Head 8658.

The misclassified amounts observed were as follows:

Sl. No.	Name of the office	Amount (in Crores)
1	PAO Kadapa	13.35
2	PAO Vijayawada	8.38
3	PAO Anantapur	4.55
4	PAO Visakhapatnam	4.01
5	PAO Tirupati	1.6
6	PAO Srikakulam	1.43
7	PAO Kurnool	0.99
<b>Total</b>		<b>34.31</b>

Non-adherence to the prescribed classification violates the List of Major and Minor Heads of Account and affects reconciliation with GST authorities.

The total GST-TDS misclassified in the above PAOs amounted to **₹34.31 crore**.

## 3. Adverse balances in Deposit Accounts

As per G.O. Ms. No. 99 dated 14.08.2019 and the provisions of Article 110 of the Andhra Pradesh Finance Code, withdrawals from deposit accounts should be allowed only to the extent of balances available in the respective accounts. The accounts of these deposits are maintained through Plus and Minus Memoranda and payments against negative balances are not permissible.

However, during review of the Plus and Minus Memoranda, adverse balances were observed under certain Heads of Account (HoA) in various Pay and Accounts Offices in the financial year 2024-25, as detailed below:

S.No.	Name of the Office	Head of Account	Amount (₹)
1	PAO Vijayawada	8448001090107003001VN	-8,97,92,548
2	PAO Vijayawada	8448001020101001001VN	-8,53,54,187
3	PAO Vijayawada	8448001090105001001VN	-3,94,69,345
4	PAO Kadapa	8448001020101001001VN	-2,86,06,241
5	PAO Vijayawada	8448001090106002001VN	-2,83,25,033
6	PAO Vijayawada	8448001010113001001VN	-2,74,43,916
7	PAO Kadapa	8448001020102001001VN	-2,02,38,453
8	PAO Vijayawada	8448001020101002003VN	-1,27,14,593
9	PAO Visakhapatnam	8448001090105001001VN	-1,02,39,583

10	PAO Tirupati	8448001020101001001VN	-93,12,767
11	PAO Tirupati	8448001090105001001VN	-58,39,266
12	PAO Kurnool	8448001090105001001VN	-22,88,119
13	PAO Srikakulam	8448001090105001001VN	-4,18,405
14	PAO Anantapur	8448001090105001001VN	-1,49,541
15	PAO Kadapa	8448001090105001001VN	-52,760

Expenditure against negative balances indicates that payments were made without sufficient funds in the deposit accounts, which is contrary to Government financial rules.

The adverse balances noticed in the above PAOs amounted to **₹41.55 crore**.

#### 4. Irregularities noticed in recoveries and levy of tax

##### 4.1. Short levy of GST

In PAO Visakhapatnam, GST on works contracts was calculated at 12% instead of the revised rate of 18% as per GO Ms No.196 dated 23.09.2022. This resulted in short levy of GST amounting to **₹1.21 crore**. Further, recoveries amounting to **₹8.04 lakh** from work bills were not accounted for, though deductions were indicated in the bills.

##### 4.2. Non-accounting of mandatory recoveries

During scrutiny of bills processed in various Pay and Accounts Offices, it was noticed that recoveries indicated in work bills were not accounted for while passing the bills, as detailed below:

1. **PAO Visakhapatnam:** It was noticed that while passing work bills, recoveries were not accounted for in the bills. Recoveries amounting to **₹8.04 lakh** were indicated in the bills/Measurement Books, but the bills were passed for the net amount without reflecting the recoveries.
2. **PAO Vijayawada:** It was noticed that while passing work bills, mandatory recoveries were not accounted for in the bills. A work bill with a gross value ₹51,64,160/- had deductions of ₹3,94,465/-, but the bill was passed for the net amount without reflecting recoveries.

Failure to account recoveries properly results in incomplete accounting of government transactions.

##### 4.3. Irregular booking of National Highway works

As per the principles of Government accounting and the instructions relating to booking of reimbursable expenditure, expenditure incurred on works relating to Ordinary Repairs (OR) and Flood Damage Repairs (FDR) of National Highways, which are reimbursable by the Government of India, should initially be booked under the Suspense Head of Account (HoA) 8658. Booking such expenditure directly under regular revenue heads would distort both expenditure and receipt figures when reimbursements are received.

However, during verification of bills processed in Pay and Accounts Offices, it was noticed that expenditure relating to Ordinary Repairs (OR) and Flood Damage Repairs (FDR) of

National Highway works was directly booked under revenue heads instead of the prescribed suspense head, as detailed below:

1. **PAO Kurnool:** Payments relating to National Highway works amounting to **₹1.93 crore** were directly booked under Head of Account (HoA) 3054-01-337-12-05-270-272 and 3054-01-337-12-06-270-272, instead of initially booking them under Suspense Head 8658.
2. **PAO Vijayawada:** Payments relating to National Highway works amounting to **₹1.18 crore** were directly booked under revenue heads, instead of being initially booked under Suspense Head 8658.
3. **PAO Visakhapatnam:** Payments relating to National Highway works amounting to **₹15.36 lakh** were directly booked under Head of Account (HoA) 3054-01-337-12-06-270-272, instead of being initially booked under Suspense Head 8658.

Such irregular booking of reimbursable expenditure under revenue heads results in distortion of expenditure figures and does not conform to the prescribed accounting procedure.

#### 4.4. Non-lapsing of unclaimed deposits

As per Para 465(III) of APWA Code, contractor deposits remaining unclaimed for more than three financial years should be lapsed and credited to the Government account.

However, in PAO Kadapa, deposits amounting to **₹15.57 crore** were found lying unclaimed for more than three years under Head of Account (HoA) 8443-00-108. Out of this, only **₹11.25 lakh** was lapsed to Government account leaving a balance of **₹15.45 crore** yet to be lapsed to the Government account.

Failure to lapse such deposits results in incorrect reflection of Government liabilities.

#### 4.5. Miscellaneous irregularities

Apart from the cases relating to misclassification of revenue expenditure under capital heads, certain other irregularities in classification of expenditure under incorrect object heads were also noticed during scrutiny of bills processed in Pay and Accounts Offices, as detailed below:

1. **PAO Tirupati:** Expenditure amounting to **₹87.71 lakh** towards wages paid to forest staff such as strike force personnel, protection watchers, drivers and lab assistants through an agency was classified under Object Head 271 – Minor Works under Head of Account (HoA) 2406-04-103 instead of the appropriate Object Head 020 – Wages, which is contrary to the prescribed principles of expenditure classification.

Further, **₹9.80 lakh** was paid to Lepakshi Handicrafts Emporium, Kadapa towards purchase of furniture under RIDF – XXXIII without resorting to e-procurement, though procurement exceeding ₹1.00 lakh is required to be made through the e-procurement platform as per G.O. Ms. No. 258 dated 20.08.2013. The procurement was supported by multiple invoices of the same date (₹1,93,613 × 3 and ₹99,999 × 4), indicating splitting of

## Part – V : Deficiencies in System Validation Controls in Treasury Bill Processing

Under the Treasury Rules, bills presented for payment are required to contain complete information establishing the validity of the claim, authority for the expenditure and identity of the payee before authorisation of payment. Treasury scrutiny is intended to ensure that payments are released only to the authorised beneficiaries on the basis of valid supporting documents and verified contractual arrangements.

Scrutiny of non-HR bills processed through the CFMS platform revealed weaknesses in system validation controls which allowed bills to be processed without adequate verification of contractual references and beneficiary details, thereby weakening assurance that payments were credited to the intended recipients.

In Divisional Sub Treasury Office, Amalapuram, scrutiny of hired private vehicle bills processed during 2019-20 to 2023-24 revealed that payments were made on the basis of an agreement whose particulars were altered and reused across years. The same agreement copy was used for processing bills in two DDO offices—Mandal Parishad Uppalaguptam and Mandal Parishad Amalapuram, with modified agreement periods, and 16 bills were processed on the basis of this document. As the CFMS workflow does not mandate entry or validation of agreement number or contract reference, the altered agreement was accepted during bill processing.

Similar weaknesses were noticed in diet charges bills under Head of Account 2225 – Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities processed in DTAO Nandyal, STO Rajampet, DTAO Rajamahendravaram and Divisional STO Jangareddigudem, where payments meant for multiple vendors were routed through single beneficiary codes. In DTAO Nandyal, seven sample bills showed ₹42.72 lakh credited to a single beneficiary code instead of the respective vendors, while similar instances involved ₹1.02 crore in DTAO Rajamahendravaram and ₹61.68 lakh in Divisional STO Jangareddigudem. Beneficiary statements did not establish credit of the sanctioned amounts to the respective vendor accounts, defeating the Direct Benefit Transfer (DBT) mechanism.

These instances reveal weak IT controls in CFMS, particularly the absence of validation of contractual references and enforcement of unique beneficiary mapping. This undermines the reliability of electronic payment controls and creates a risk of misdirection or unauthorised drawal of Government funds without effective system detection. System validations should therefore mandate capture and verification of agreement details, and ensure beneficiary registration through unique, verified identifiers so that each vendor is mapped to a distinct beneficiary code.

Sr. Deputy Accountant General (A/Cs & VLC)



## **Annexures**



**Annexure-I: List of offices inspected up to the year 2024-25**

Sl. No	Name of the Office	Sl. No	Name of the Office
<b>Anakapalli District</b>		36	Div STO Guntur
1	DTAO Anakapalli	37	Div STO Tenali
2	STO Anakapalli (west)	38	STO Mangalagiri
<b>Ananthapur District</b>		39	STO Ponnur
3	DTAO Annathapuram	<b>Kakinada District</b>	
4	PAO Ananthapur	40	DTAO Kakinada
5	STO Kadiri	41	Div STO Kakinada
6	STO Kambadur	42	Div. STO Peddapuram
7	STO Rayadurg	<b>Krishna District</b>	
<b>Annamayya District</b>		43	DTAO Krishna
8	DTAO Annamayya at rayachoti	44	STO Avani Gadda
9	Div STO Madanapalli	<b>Kurnool District</b>	
10	Div STO Rajampeta	45	DTAO Kurnool
<b>ASR Paderu District</b>		46	PAO (WA) Kurnool
11	DTAO Paderu	47	Div STO Adoni
12	Div STO Paderu	<b>Nandyal District</b>	
13	STO Chintapalli	48	DTAO Nandyal
<b>Dr. B.R.Ambedkar Konaseema District</b>		49	Div STO Nandyal
14	DTAO Amalapuram	<b>NTR District</b>	
15	Div STO Amalapuram	50	DTAO Vijayawada
<b>Bapatla District</b>		51	PAO (WA) Vijayawada
16	DTAO Bapatla	52	Div. STO Vijayawada(east)
17	STO Addanki	53	STO Kanchikacherla
18	STO Bapatla	54	STO Nandigama
19	STO Chirala	55	STO Vijayawada (west)
20	STO Martur	<b>Palnadu District</b>	
21	STO Repalle	56	DTAO Narasaraopeta
<b>Chittoor District</b>		57	Div. STO Dharmavaram
22	DTAO Chittoor	58	STO Chilakaluripeta
23	Div STO Chittoor	59	STO Narasarao Peta
24	STO Kuppam	60	STO Pidduguralla
25	STO Palamaneru	61	STO Sattenpalli
<b>East Godavari district</b>		<b>Prakasam District</b>	
26	DTAO Rajamundry	62	Div STO Markapur
27	Div STO Rajamundry	63	Div STO Ongole
28	STO Anaparthi	<b>Prakasam District</b>	
29	STO Nidadavole	64	DTAO Ongole
<b>Eluru District</b>		65	STO Cumbum
30	DTAO Eluru	66	STO Giddalur
31	Div STO Eluru	67	STO Yerragondapalem
32	Div STO Janga Reddygudem	<b>Pravathipuram District</b>	
33	STO Bhimadole	68	DTAO Parvathipuram
34	STO Kukunuru	<b>SPSR Nellore District</b>	
<b>Guntur District</b>		69	DTAO Nellore
35	DTAO Guntur	70	Div STO Kankur

71	Div STO Kavali	85	PAO Visakhapatnam
72	Div STO Nellore	86	Div. STO Visakhapatnam
<b>Sri Balaji District</b>		87	STO Bheemilipatnam
73	PAO (WA) Thirupathi	<b>Vizianagaram District</b>	
74	Div STO Naidupeta	88	DTAO Vizianagaram
75	Div STO Thirupathi	89	Div STO Vizianagaram
76	STO Puttur	90	STO Rajam
<b>Sri Satya Sai District</b>		<b>West Godavari District</b>	
77	DTAO Puttaparthi	91	DTAO Bhimavaram
78	Div STO Penukonda	92	Div STO Narasapuram
79	STO Hindupur	93	STO Bhimavaram
<b>Srikakulam District</b>		<b>YSR Kadapa District</b>	
80	DTAO Srikakulam	94	DTAO Kadapa
81	PAO(WA) Srikakulam	95	PAO(WA) Kadapa
82	STO Kotabommali	96	STO Badvel
83	STO Ranasthalam	97	STO Pulivendula
<b>Visakhapatnam District</b>			
84	DTAO Visakhapatnam		

**Annexure-II: Excess payment of pensionary allowances**

S. No.	Name of the Office	No. of Cases	Excess Payment Type	Total Amount (₹)
1	Div. STO Vizianagaram	1	DR	8,69,502
2	Div. STO Eluru	1	DR	7,97,544
3	Div. STO Vijayawada (east)	2	DR	7,77,354
4	STO Narasarao Peta	2	AQ, DR, DR on AQ, MA, IR	4,90,809
5	STO Repalle	1	DR	4,83,308
6	Div. STO Kakinada	1	DR, MA	4,74,852
7	STO Martur	1	AQ, DR, DR on AQ, MA	2,34,900
8	STO Bapatla	1	DR, MA	2,30,618
9	Div. STO Visakhapatnam	1	DR, IR, MA	2,29,395
10	STO Bheemunipatnam	1	DR	2,04,668
11	Div. STO Madanapalle	1	AQ, DR, DR on AQ, MA	1,69,565
12	Div. STO Markapur	1	AQ, DR, DR on AQ, MA	1,53,751
13	STO Palamaneru	2	DR, MA, AQ, DR on AQ	1,50,407
14	Div. STO Chittoor	2	DR, MA	1,12,020
15	STO Nandigama	1	AQ, DR, DR on AQ	82,355
16	STO Anaparthi	1	DR	72,443
17	STO Kuppam	1	IR	28,010
<b>TOTAL</b>				<b>55,61,501</b>

**Annexure-III: Excess payment of pension due to non-recovery of commuted portion**

S. No.	Name of the Office	No. of Pensioners	Amount (₹)
1	Div. STO Madanapalle	1	5,44,545
2	Div. STO Vijayawada (east)	1	5,22,444
3	Div. STO Ongole	2	5,10,732
4	Div. STO Kakinada	2	4,43,994
5	STO Chintapalli	3	3,73,310

6	STO Palamaneru	2	3,36,196
7	STO Bheemavaram	2	3,26,262
8	Div. STO Visakhapatnam	5	3,18,867
9	Div. STO Kadiri	2	1,87,567
10	STO Kanchikacherla	2	1,71,886
11	STO Rajam	2	1,59,112
12	STO Puttur	1	1,54,827
13	Div. STO Vizianagaram	2	1,51,949
14	Div. STO Guntur	2	1,35,249
15	Div. STO Markapur	2	1,34,383
16	Div. STO Rajampeta	2	1,20,412
17	STO Rajamahendravaram	2	1,20,329
18	STO Tirupati	1	1,08,867
19	STO Chirala	1	1,07,947
20	STO Hindupur	1	1,02,376
21	Div. STO Paderu	1	98,136
22	STO Bapatla	1	85,400
23	Div. STO Nellore	1	85,278
24	Div. STO Tenali	1	84,928
25	STO Yerragondapalem	1	77,179
26	STO Sattenapalli	1	63,765
27	STO Mangalagiri	1	63,760
28	STO Anaparthi	1	61,198
29	Div. STO Kavali	1	56,217
30	Div. STO Amalapuram	2	39,195
31	STO Avanigadda	2	20,017
32	Div. STO Dharmavaram	1	16,847
33	Div. STO Chittoor	1	9,541
34	STO Narasapur	1	4,087
<b>TOTAL</b>			<b>57,96,802</b>

**Annexure-IV: Excess recovery of commuted value of pension resulting in short payment of pension**

S. No.	Name of the Office	No. of Pensioners	Amount (₹)
1	Div. STO Ongole	3	3,09,225
2	Div. STO Eluru	1	2,70,750
3	Div. STO Kavali	1	2,46,853
4	Div. STO Nadyal	1	1,30,547
5	STO Anakapalli (west)	1	1,19,336
6	Div. STO Nellore	1	1,11,300
7	STO Pullivendula	1	65,232
8	Div. STO Rayachoti	1	63,000
9	Div. STO Kandukur	1	46,260
10	STO Chirala	1	38,409
11	Div. STO Visakhapatnam	1	36,365
12	STO Giddalur	1	18,343
<b>TOTAL</b>			<b>14,55,620</b>

**Annexure-V: HoA misclassification**

S. No.	Treasury / Sub-Treasury	Amount (₹)	Head of Account under which booked	Head of Account to be booked
1	DTAO Ongole	38,10,846	2071011010004040041CN	2049
2	DTAO Narasarao Peta	22,10,736	2071011010004040041CN	2049
3	Div. STO Vijayawada(east)	12,24,184	2071011020024040041VN	2071011020014040041VN
4	STO Yerragondapalem	10,06,855	2071011150024001000VN	2071011150014001000VN
5	Div. STO Nandyal	8,60,902	2071011150024001000VN	2071011150014001000VN
6	STO Pulivendula	7,19,279	2071011010024040041VN	2071011020014040041VN
7	STO Giddalur	5,80,365	2071011010014040041VN	2071011020014040041VN
8	STO Pulivendula	5,77,756	2071011020014040041VN	2071011020024040041VN
9	Div. STO Rajampeta	5,25,131	2071011020014040041VN	2071011020024040041VN
10	STO Rayadurg	5,18,119	2071011150024003000VN	2071011150014003000VN
11	Div. STO Guntur	4,54,350	2071011040024040042VN	2071011020014040041VN
12	DTAO Visakhapatnam	4,43,883	2071011010004040041VN	2049
13	Div. STO Visakhapatnam	3,04,161	2071011020024040041VN	2071011020014040041VN
14	STO Yerragondapalem	2,86,235	2071011150014001000VN	2071011150024001000VN
15	STO Badvel	2,59,662	2071011010024040041VN	2071011020014040041VN
16	STO Chirala	2,48,583	2071011010024040041VN	2071011020024040041VN
17	Div. STO Nandyal	2,42,818	2071011150014001000VN	2071011150024001000VN
18	STO Hindupur	1,99,014	2071011020024040041VN	2071011020014040041VN
19	STO Addanki	1,42,496	2071011150024001000VN	2071011150014001000VN
20	STO Giddalur	1,37,822	2071011010024040041VN	2071011020024040041VN
21	STO Chilakalauripeta	1,23,555	2071011150035001000VN	2049
22	STO Chintapalli	1,23,152	2071011040004040042VN	2071011040014040042VN
23	STO Badvel	1,09,380	2071011010014040041VN	2071011020024040041VN
24	STO Badvel	97,836	2071011020014040041VN	2071011020024040041VN
25	Div. STO Visakhapatnam	89,151	2071011020014040041VN	2071011020024040041VN
26	STO Chintapalli	86,848	2071011040004040042VN	2071011040024040042VN
27	STO Addanki	46,485	2071011150014001000VN	2071011150024001000VN
28	STO Rayadurg	41,697	2071011040014040042VN	2071011040024040042VN

**Annexure-VI: Non-deduction of statutory taxes**

SI No	Treasury Office	TDS CGST (₹)	TDS SGST (₹)	TDS IT (₹)	Short / Non-Deducted (₹)
1	DTAO Nellore	13,26,497	13,26,497	13,68,616	40,21,610
2	DTAO Chittoor	6,05,354	6,05,354	17,50,713	29,61,421
3	DTAO Anantapur	10,94,547	10,94,547		21,89,095
4	DTAO Kurnool	2,34,196	2,34,196	2,88,692	7,57,084
5	DTAO Anantapur	2,64,274	2,64,274		5,28,546
6	DTAO Chittoor	1,74,000	1,74,000	1,74,000	5,22,000
7	DTAO Kurnool	91,087	91,087	1,82,175	3,64,350
8	DTAO Nellore	1,76,112	1,76,112		3,52,223
9	Div. STO Adoni	87,446	87,446	1,74,894	3,49,786
10	DTAO Vijayawada	1,01,878	1,01,878	1,05,056	3,08,812
11	DTAO Bapatla	59,052	59,052	1,45,782	2,63,886

12	DTAO Anakapalli	1,15,273	1,15,273		2,30,546
13	STO Jangareddygudem			2,29,298	2,29,298
14	DTAO Prakasam (Ongole)	1,00,448	1,00,448		2,00,896
15	Div. STO Adoni	40,303	40,303	80,662	1,61,268
16	STO Rajam	64,252	64,252	21,936	1,50,440
17	DTAO Kadapa	67,416	67,416		1,34,832
18	Div. STO Rajampeta	33,285	33,285	66,570	1,33,140
19	STO Ponnur	11,324	11,324	1,07,955	1,30,603
20	STO Chirala	8,414	8,414	1,10,097	1,26,926
21	DTAO Vizianagaram	25,692	25,692	75,385	1,26,769
22	DTAO Anantapur	51,770	51,770	8,998	1,12,538
23	DTAO Paderu	43,479	43,479	20,497	1,07,455
24	DTAO Rajamahendravaram			1,06,399	1,06,399
25	STO Pulivendula	26,170	26,170	52,341	1,04,681
26	STO Bhimavaram			1,01,567	1,01,567
27	DTAO Krishna	42,315	42,315		84,630
28	Div. STO Paderu	42,183	42,183		84,366
29	STO Nidadavole	14,802	14,802	53,979	83,583
30	DTAO Nellore	20,681	20,681	41,362	82,724
31	STO Ranasthalam	20,370	20,370	40,740	81,480
32	STO Vijayawada (W)	33,809	33,809		67,618
33	DTAO Nellore	16,372	16,372	32,745	65,489
34	Div. STO Kandukuru	27,422	27,422		54,844
35	STO Bheemunipatnam	25,557	25,557		51,114
36	STO Mangalagiri			44,286	44,286
37	STO Bhimadole	6,956	6,956	23,868	37,780
38	DTAO Vizianagaram			34,272	34,272
39	STO Penukonda			34,010	34,010
40	DTAO Eluru			28,588	28,588
41	STO Nandyal			22,880	22,880
42	DTAO Parvathipuram	11,071	11,071		22,142
	<b>Total</b>				<b>1,56,55,977</b>

**Annexure-VII: Incorrect booking of revenue expenditure under capital heads**

Sl. No.	Category	Gross Amount
1	Regular Pay Bill	7,61,79,06,081
2	Supplementary Pay Bill	1,13,46,72,531
3	Office Expenses	15,21,75,364
4	Other Contractual Services	4,91,42,747
5	Domestic Travel Expenses	2,50,08,914
6	Interface Bill	2,19,98,432
7	Arrear Pay	1,59,86,721
8	Professional Services	1,39,34,770
9	Travel Expenses for Other Than Emp	1,19,90,204
10	Wages	1,16,41,172
11	Rents	81,92,277
12	Medical Reimbursement	77,57,637
13	Scheme/Project Based Assistance	72,78,938
14	WC Pay	64,24,211
15	Outsourcing Employees through agencies	54,18,762

16	EEL & DA Bills	53,67,045
17	Materials and Supplies	32,48,242
18	Petrol, Oil and Lubricants	21,56,153
19	Employee Miscellaneous Advances	17,06,907
20	Grants-in-Aid	15,85,000
21	Lifetime Arrears Bill (In Death Case)	6,85,415
22	Training	4,92,493
23	Publications	4,69,049
24	Arrear Allowances	92,500
25	WC Dearness Allowance	75,351
26	Motor Vehicles	53,457
27	Maintenance of Office Vehicles	39,850
28	Allowances	15,000
29	LTC Regular Bill	2,542
30	Arrear House Rent Allowance	1,903
	<b>Grand Total</b>	<b>9,10,55,19,668</b>

**Annexure-VIII. Routing of government funds through DDO and employee accounts instead of direct beneficiary transfer**

Sl. No.	Nature of Irregularity	Office	Amount (₹)
<b>Court Deposits / Self-Drawal</b>			
1	Self drawal of civil court deposit funds	DTAO Kurnool	3,62,60,475
	<b>Sub-total</b>		<b>3,62,60,475</b>
<b>Election Expenditure routed through intermediary accounts</b>			
2	Election expenditure credited to MRO account	STO Bapatla	1,52,99,783
3	Election expenditure credited to MRO account	STO Chirala	74,14,073
4	Election arrangement payments credited to DDO account	STO Ponnur	23,40,654
	<b>Sub-total</b>		<b>2,50,54,510</b>
<b>Office expenses / materials routed through DDO accounts</b>			
5	Office expenses credited to administrative account	DTAO Chittoor	6,52,81,424
6	Non-HR expenditure credited to administrative current account	DTAO Annamayya	5,98,94,721
7	Office expenses through intermediary account	DTAO Kadapa	2,24,48,569
8	Procedural deviation in contingent expenditure drawal	DTAO Bhimavaram	28,00,000
	<b>Sub-total</b>		<b>15,04,24,714</b>
<b>Deposit / Municipal funds routed through current accounts</b>			
9	Municipal payments routed through current accounts	DTAO Guntur	18,49,00,000
10	Local funds drawn into DDO accounts	DTAO Kakinada	15,23,42,632
11	Diversion of deposit funds	STO Bhimavaram	5,76,56,800
12	Municipal payments routed through current accounts	DTAO Kadapa	1,48,97,692
13	Finance Commission funds drawn into DDO current account	Div. STO Paderu	75,77,789

14	Municipal payments routed through current accounts	STO Tenali	30,87,927
15	Municipal payments routed through current accounts	DTAO Anakapalli	4,53,852
	<b>Sub-total</b>		<b>42,09,16,692</b>
<b>Self drawal / Employee account payments</b>			
16	Transfer of funds to personal accounts of employees	DTAO Guntur	66,63,751
17	Self drawal of funds by MPDOs	Div. STO Chittoor	18,91,441
18	Self drawal from PD account	DTAO Kurnool	9,99,875
19	Payments drawn into salary accounts of employees instead of vendors	DTAO Chittoor	6,84,896
	<b>Sub-total</b>		<b>1,02,39,963</b>
	<b>Grand Total</b>		<b>64,28,96,354</b>

  
 Sr. Accounts Officer (TIH)

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