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

Annual Review Report on the working of Treasuries & PAOs 2025-26

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 2025–26 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.

Shanthipriya

Principal Accountant General (A&E)

TABLE OF CONTENTS

Part	Contents	Page No.
I	Introduction	1-10
II	Irregularities noticed during compilation & verification of Accounts	11-12
III	Irregularities noticed during inspection of Treasuries	13-36
IV	Systemic deficiencies in CFMS validation controls	37-38
	Annexures	39-47

EXECUTIVE SUMMARY

The Treasuries and Accounts Department plays a pivotal role in maintaining the financial discipline of the Government by regulating Government receipts and expenditure, compiling Monthly Civil Accounts, authorising pensionary benefits and ensuring compliance with prescribed financial rules. The Government has implemented the Comprehensive Financial Management System (CFMS) to automate treasury operations and improve efficiency, transparency and accountability in public financial management.

Considering the critical role of the Department in financial administration and the increasing reliance on system-based processing of Government transactions, Audit reviewed the functioning of Treasury and Pay and Accounts Offices during 2025-26 to assess whether financial controls, statutory provisions and internal control mechanisms were functioning effectively. The review also examined whether CFMS incorporated adequate validation controls to prevent irregular, excess and fraudulent payments.

Audit observed that, although treasury operations have been substantially computerised through CFMS, weaknesses persisted in financial controls, compliance with financial rules and system validations. Significant deficiencies were noticed in the processing of Human Resource bills, pension payments, arrear claims, Abstract Contingent Bills and beneficiary management. Audit also observed deficiencies in CFMS relating to admissibility of claims, beneficiary authentication, statutory tax deductions and validation of payment destinations, resulting in irregular, excess and, in one case, fraudulent payments.

Inspection of Treasury and Pay and Accounts Offices also revealed persistent pendency of Inspection Reports and recurring deficiencies in compliance with financial rules. These observations indicate the need to strengthen internal controls and introduce additional preventive validation controls in CFMS.

The significant audit findings noticed during the review are summarised below:

- **Outstanding Inspection Reports:** A total of **690** Inspection Reports containing **2,207** audit observations remained unsettled due to non-receipt of replies or compliance from the concerned Treasury Offices, as on 31 March 2026. (*Paragraph 3.2*).

- **Abstract Contingent Bills:** Detailed Contingent Bills were not submitted against Abstract Contingent Bills amounting to **₹18.60 crore** within the prescribed period, weakening financial discipline and delaying verification of Government expenditure (*Paragraph 3.3*).

- **Allowances:** Irregular drawal of allowances amounting to **₹22.91 lakh** due to inadmissible payment of Fixed Travelling Allowance, Night Out Allowance, Emergency Health Care Allowance, Rural Allowance, Additional House Rent Allowance and Leave Travel Concession reimbursements (*Paragraph 3.4.1*).

- **Judicial Officers' Claims:** Excess and inadmissible reimbursement of Water Charges, Air Conditioner Allowance and Leave Travel Concession, including incorrect leave encashment, resulted in excess payment of **₹13.40 lakh** (*Paragraph 3.4.2*).

- **Arrear Claims:** Arrear claims amounting to **₹25.53 lakh** were admitted without mandatory scrutiny by the District Treasury Officer, without obtaining prescribed indemnity bonds and without ensuring proper deduction of Income Tax at Source (*Paragraph 3.4.3.1*).

- **Beneficiary Management:** Lack of efficient beneficiary management controls in CFMS facilitated suspected fraudulent drawal of Government funds amounting to **₹1 crore** through creation of duplicate beneficiary IDs using the same Aadhaar number and bank account (*Paragraph 3.4.5*).

- **Pension Administration:** Irregularities in pension administration resulting in excess and inadmissible payments amounting to **₹1.37 crore**, comprising excess payment of service pension due to non-implementation of Government orders, incorrect consolidation of Family Pension, non-recovery of the commuted portion of pension and excess payment of pensionary allowances (*Paragraphs 3.5.1 to 3.5.4*).

- **General Provident Fund:** Misclassification of General Provident Fund (GPF) transactions amounting to **₹1.03 crore** (*Paragraph 3.6*).

- **Duplicate Payments:** Duplicate payments amounting to **₹53.17 lakh** relating to PD Accounts, Leave Encashment, Hire Charges, Gratuity, Rent, Medical Reimbursement and Funeral Charges were noticed (*Paragraph 3.9.1*).

- **Routing of Government Funds:** Government funds amounting to **about ₹26 crore** relating to HR, non-HR, election and Personal Deposit Account transactions were routed through DDO Current Accounts and Employees' Personal bank accounts instead of being credited directly to authorised beneficiaries under the Direct Benefit Transfer (DBT) framework (*Paragraph 3.9.2*).

The Government may strengthen the internal control framework by ensuring timely settlement of Inspection Reports and strict compliance with financial rules governing treasury operations. CFMS may be strengthened by incorporating robust system-based validation controls for admissibility of claims, beneficiary authentication, statutory tax deductions, processing of arrear claims and validation of payment destinations. Automated business-rule enforcement, maker-checker mechanisms and preventive validation controls may also be introduced to minimise the risk of irregular and fraudulent payments and enhance transparency, accountability and financial discipline in Government transactions.

Part – I: Introduction

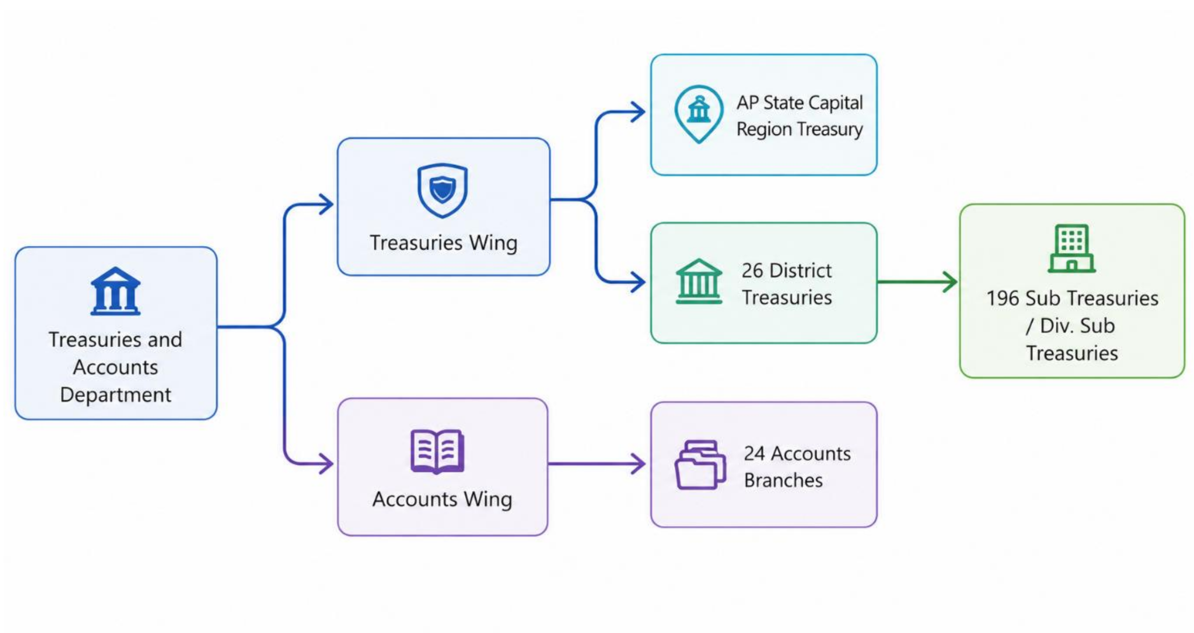
1.1. Introduction to the Treasuries & Accounts Department

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.

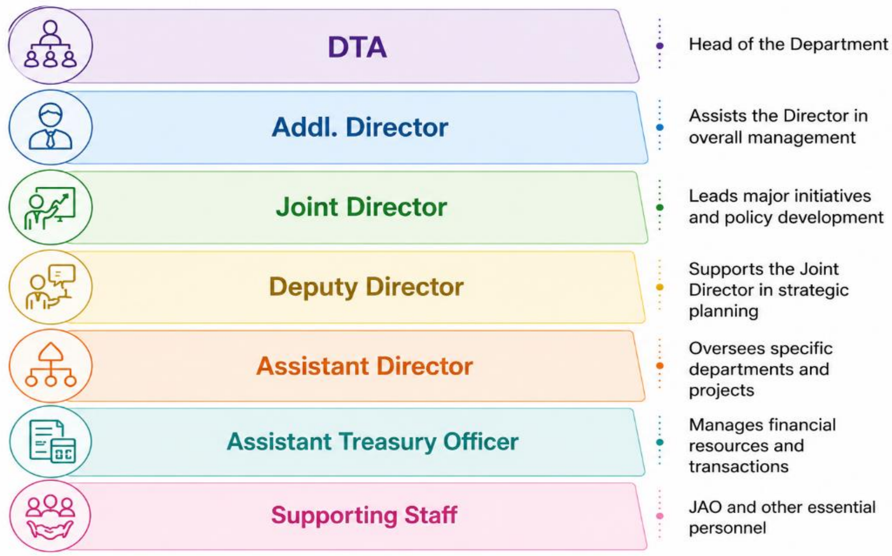
The Department functions through two wings: Treasuries and Accounts. The Treasuries Wing operates at the district and sub-district levels through 26 District Treasuries, the AP State Capital Region Treasury, and 196 Divisional / Sub-Treasuries located at the erstwhile taluk level. These offices process Government bills, receive revenues, and maintain treasury accounts. In addition, Pay and Accounts Office, Mangalagiri and Pay and Accounts Office (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.

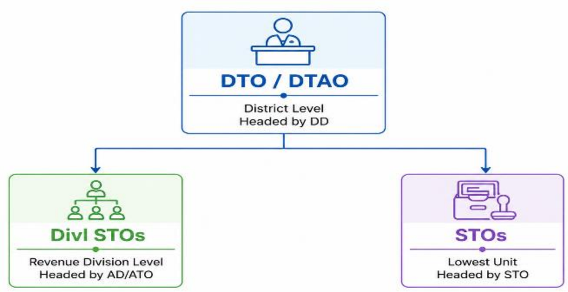
Organisational Hierarchy of the Treasuries and Accounts Department



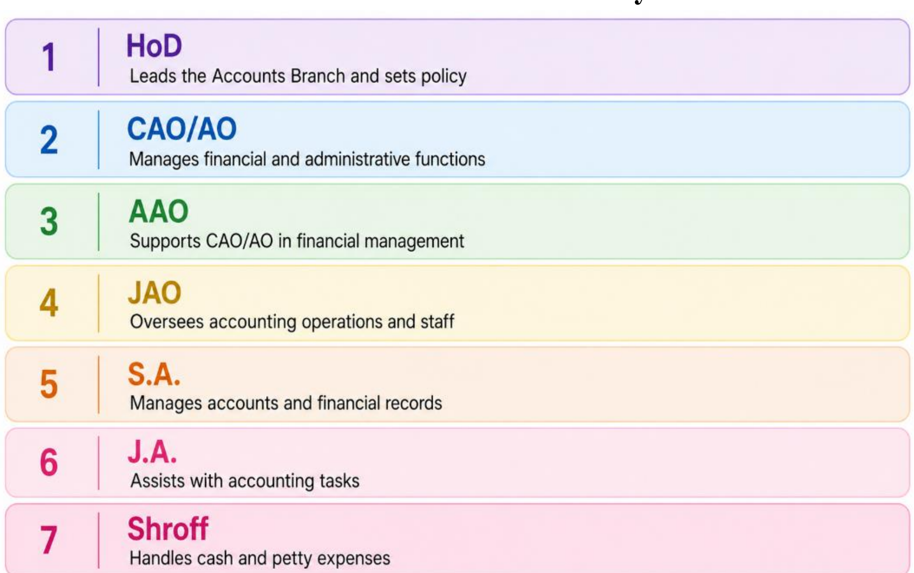
Directorate Organisational Hierarchy



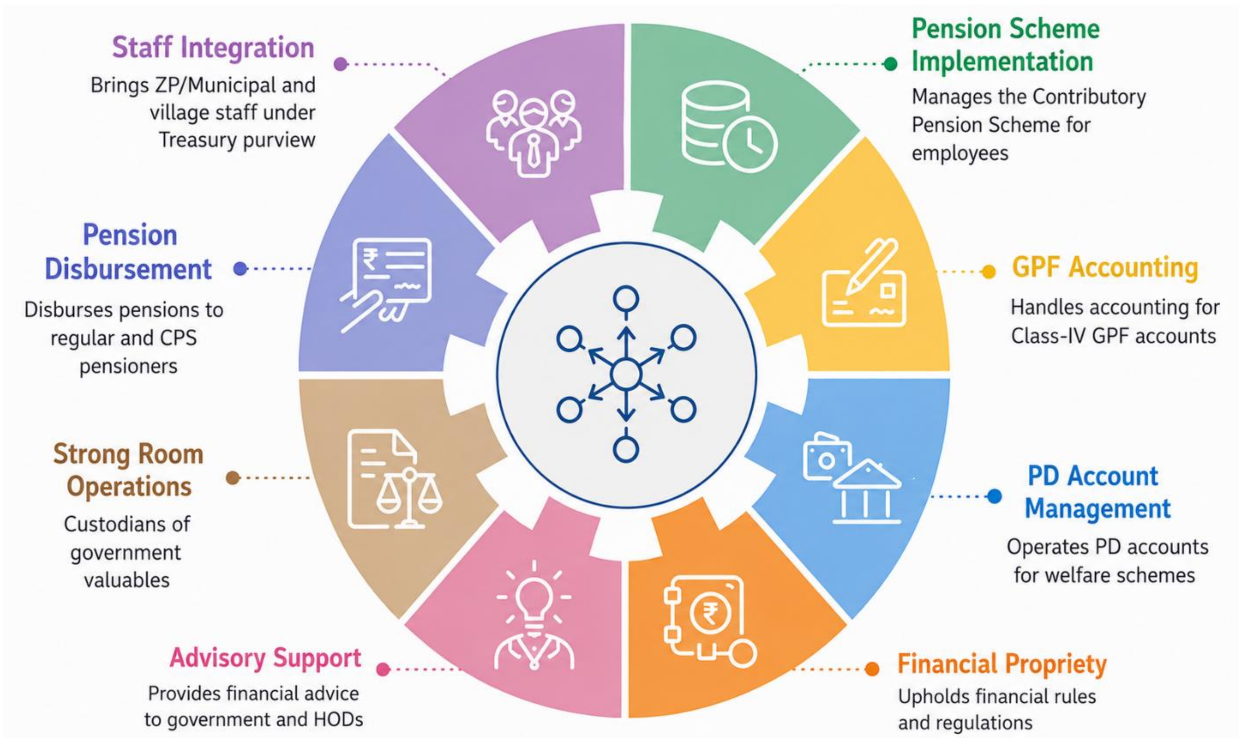
Treasuries Organisational Structure



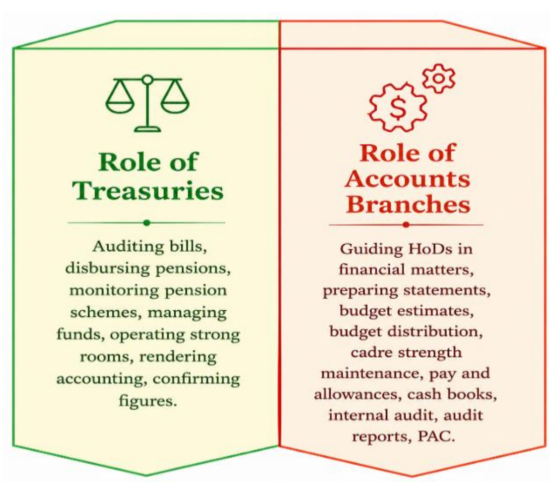
Accounts Branch Hierarchy



Role of Treasuries and Accounts Department



Department Mandate



Comprehensive Employee Engagement

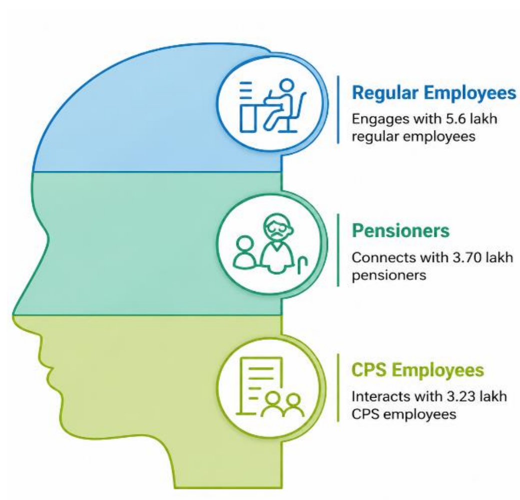


Table 1: Department Cadre Strength as on 31 March 2026

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	0		0	1		1
2	Additional Director	1		1	0		0	1		1
*3	Joint Director	3		3	14		14	0		0
*4	Deputy Director/ CAO	17		17	24		24	2		2
*5	District Treasury Officer/ AD	26		26	37		37	2		2
*6	Assistant Treasury Officer /AAO	92		92	199		199	6		6
*7	Junior Accounts Officer/ STO	81	376	457	115	371	486	2	5	7
8	Spl. Category Steno	1	0	1	0	0	0	1	0	1
9	Senior Accountant	198	1129	1327	95	973	1068	103	156	259
10	Upper Division Steno	2	0	2	0	0	0	2	0	2
11	Junior Accountant	73	544	617	22	314	336	51	230	281
12	Lower Division Steno	2	0	2	0	0	0	2	0	2
13	Typist	20	6	26	0	2	2	20	4	24
14	Driver	1	0	1	0	0	0	1	0	1
15	Shroff	7	185	192	0	58	58	7	127	134
16	Record Assistant	4	5	9	0	2	2	4	7	11
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
	Total			**3180**			**2364**			**1002**

*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 31.03.2026

S. No	Name of the 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	Ananthapuramu	1233	27393	16653	200-3000
3	YSR Kadapa	1235	27190	19082	100-1500
4	Prakasam	1428	26694	16186	600-4000
5	Anakapalli	1023	16250	8324	500-1100
6	Dr. B.R. Ambedkar Konaseema (Amalapuram)	904	15219	10126	100-900
7	East Godavari (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	SPSR Nellore	1412	29490	21664	170-10400
15	West Godavari (Bhimavaram)	859	15926	14808	300-900
16	Guntur	798	23268	23943	160-1200
17	Alluri Sitharama Raju (Paderu)	941	15454	3124	350-1200
18	Srikakulam	1508	25801	16525	300-2400
19	Parvathipuram Manyam	731	12266	5846	750-1650
20	Kakinada	981	21613	18502	410-3000
21	Eluru	1190	21325	13317	400-4000
22	Sri Balaji (Tirupati)	1303	29894	17818	180-2000
23	Bapatla	878	15932	9610	200-800
24	Sri Sathya Sai (Puttaparthi)	1028	18887	8175	400-1500
25	Kurnool	1208	26767	17391	530-4900
26	Annamayya	1037	18539	10395	210-970
	Total	**27322**	**556209**	**365858**	

Table 3: District wise break up of DTAOs/ATOs/STOs

S. No	Name of the District	DTAOs	No. of Div. Treasuries	No. of Sub Treasuries	Total
1	Srikakulam	1	1	11	13
2	Parvathipuram Manyam	1	2	2	5
3	Vizianagaram	1	0	10	11
4	Visakhapatnam	1	1	1	3
5	Alluri Sitharama Raju (Paderu)	1	3	3	7
6	Anakapalli	1	2	6	9
7	Kakinada	1	2	4	7

8	East Godavari (Rajamahendravaram)	1	2	3	6
9	Dr. B.R. Ambedkar Konaseema (Amalapuram)	1	2	5	8
10	Eluru	1	3	5	9
11	West Godavari (Bhimavaram)	1	1	6	8
12	NTR (Vijayawada)	1	1	7	9
13	Krishna (Machilipatnam)	1	1	7	9
14	Palnadu (Narasaraopet)	1	2	7	10
15	Guntur	1	2	3	6
16	Bapatla	1	0	6	7
17	Prakasam (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	Ananthapuramu	1	1	9	11
23	Sri Sathya Sai (Puttaparthi)	1	3	4	8
24	Annamayya (Rayachoty)	1	2	6	9
25	Chittoor	1	0	6	7
26	Sri Balaji (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
	Total	**28**	**42**	**154**	**224**

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.

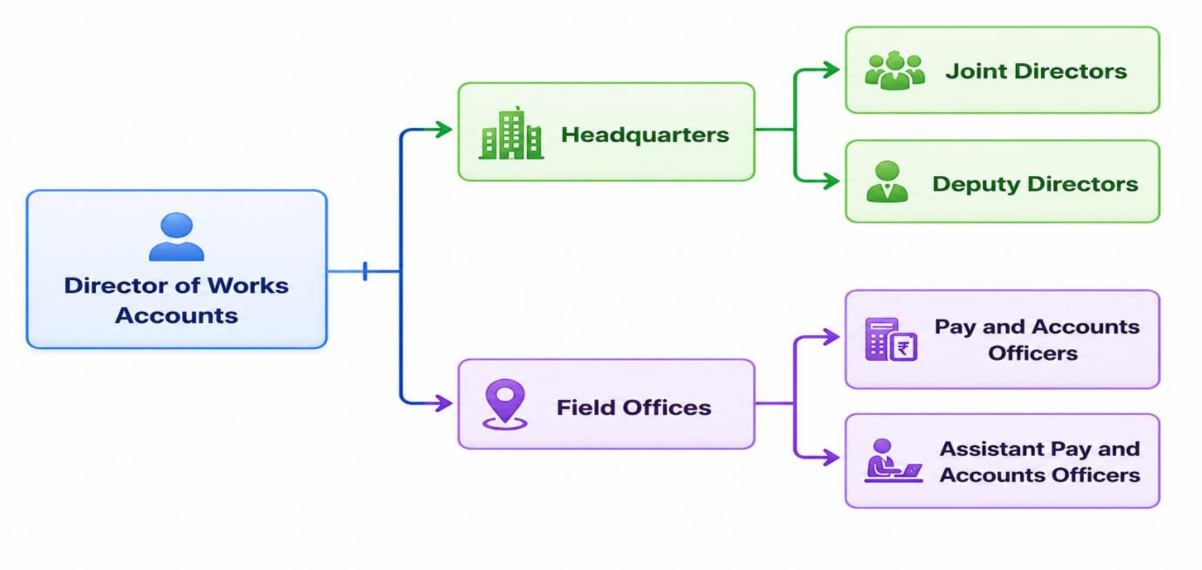
Availability of necessary infrastructure

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.

1.2. 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 organisation 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.

Organisational 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

Sl. No.	Name of the Place	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	1	2
8	Kadapa	1	1	0	2
9	Ananthapuramu	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	Tirupati	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
	Total	**3**	**10**	**10**	**23**

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

Sl. 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	202	81
7	Junior Accountant	116	36	80
	Total	**513**	**345**	**168**

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

Hardware and Software	
Software being used and Vendor by whom installed	CFMS / NIDHI Works Module developed in APCFSS
Hardware being used	Desktops, Laptops, Printers, Scanners
LAN / WAN	Private
Security Architecture	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 02/06/2026 and by the Director of Works Accounts (DWA) vide Lr. No. DWA/AP/Mnglr/Sn.II/A.2/2026-27/62, dated 19/06/2026.

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

Compilation of Accounts – Irregularities noticed during 2025–26

In addition to the prescribed reports, transaction data required for compilation is received through the SFTP server and the CFMS portal in the form of *.SA* and text files. The data is processed through system applications for validation, reconciliation and classification. After carrying out the necessary checks and corrections, the data is utilised for generation of the Monthly Civil Accounts (MCA) and Detailed Booked (DB) figures. The following irregularities were noticed during compilation and verification of accounts for the year 2025–26:

2.1. Accounts

2.1.1. Recurring Classification Errors

i. **TDS on GST:** The classification 8658-00-139-00-03-001 was repeatedly operated for "TDS on GST", resulting in duplication of the existing sub-head 8658-00-139-00-01-001. The error persisted from May 2025 to March 2026, requiring monthly transfer of transactions to the correct sub-head.

ii. **Major Head 4702 – PMKSY Scheme:** Recurring classification irregularities were noticed under Major Head 4702 relating to the PMKSY Scheme. Transactions were repeatedly booked under Sub-major Head '01' instead of the prescribed Sub-major Head '00', contrary to the provisions of the List of Major and Minor Heads (LMMH). Further, a duplicate Sub-head '17' was operated for the PMKSY – Har Khet Ko Pani – RRR of

Water Bodies (AP384) scheme, although the scheme was already assigned to Sub-head '36'. These irregularities recurred from July 2025 to January 2026 and were rectified during compilation by transferring the transactions to the appropriate heads of account.

2.1.2. Technical Rectifications

i. **Interest and Penalties:** During July and September 2025, Detailed Head '450' (Penal Interest) was incorrectly operated under Major Heads 2277 and 2515. The transactions were rectified by transferring them to Detailed Head '360'.

ii. **Urban Development:** During August 2025, assistance to Municipal Corporations was incorrectly classified under Capital Major Head 4217 and was transferred to the appropriate Minor Head '052'.

iii. **Unified Pension Scheme:** During March 2026, transactions relating to the Unified Pension Scheme were initially classified under Major Head 8342 (8342-00-149). On verification, these were found to be correctly classifiable under Major Head 8235, and the transactions were transferred accordingly.

iv. **Grant-wise Booking:** During March 2026, expenditure relating to the National Cadet Corps (NCC) under Major Head 2204 was booked under both Original Grant No. 15 and Supplementary Grant No. 13. The transactions were consolidated under Grant No. 15 to ensure proper budgetary control.

2.1.3. Persistent Administrative Issue

The above classification errors and the corrective action taken during compilation were communicated to the State Government through comments on the Monthly Civil Accounts. Despite repeated communication, permanent corrective action has not been taken at the source, resulting in recurrence of the same errors in subsequent months and avoidable rectification during monthly compilation.

2.2. General Provident Fund (GPF) - Misclassification of GPF Debit and Credit Transactions

A total of 10,464 cases of misclassification involving GPF debit and credit transactions were noticed during the year. The transactions were incorrectly classified under other Deposit Heads and vice versa.

Part – III: Irregularities noticed during inspection of Treasuries

3.1. 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, 54 offices (DTA, CRT ,05 DTAOs and 47 Divisional / Sub-Treasuries) were included in the Audit Plan for the year 2025-26, 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, 02 PAOs and DWA were included in the Audit Plan for the year 2025-26, 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.

3.2. 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.

As on 31 March 2026, a total of **690** Inspection Reports containing **2,207** observations were pending for settlement due to non-receipt of replies or compliance from the treasuries concerned. The district-wise position is given in **Annexure – II**.

3.3. 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, and G.O. Ms. No. 507, dated 10/04/2002, 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 at DTAO Tirupati revealed pendency of AC bills for want of submission of DC bills beyond the prescribed period. A total of four AC bills amounting to **₹18,60,38,586** drawn by various Drawing and Disbursing Officers remained unadjusted. 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.

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.

Action desired

- Introduce system-based validation controls in CFMS to prevent admission of fresh AC bills for DDOs having unadjusted AC advances until the corresponding DC bills are submitted.
- Ensure timely submission of Detailed Contingent (DC) bills within the prescribed period of three months from the date of drawal of Abstract Contingent (AC) bills.

3.4.Irregularities noticed in processing of HR Bills

3.4.1. Irregular drawal of Travelling, Night Out and Other Allowances

Government orders issued from time to time prescribe the categories of employees eligible for various allowances and the conditions governing their admissibility. Further, Subsidiary Rule 32 under Treasury Rule 16 mandates Treasury Officers to ensure the validity and proper authorization of every claim before payment, including verification of the nature of expenditure. The Andhra Pradesh Travelling Allowance Rules, 1996 (Rules 6, 13, 14 and 72) stipulate that Fixed Travelling Allowance (FTA) is admissible only upon completion of the prescribed minimum monthly tours (15/20 days) and that TA claims shall be preferred within three months. Night Out Allowance was introduced vide G.O. Rt. No. 381, dated 17/12/2024, permitting payment at ₹150 per night halt subject to prescribed conditions, without provision for retrospective effect. G.O. Ms. No. 296, dated 18/11/2022, prohibits simultaneous drawal of Emergency Health Care Allowance (EHCA) and Non-Practising Allowance (NPA) and sanctions Rural Allowance only to doctors serving in Primary Health Centre's (PHCs) and Community Health Centre's (CHCs) located in non-tribal rural areas at the revised rates of ₹2,500 per month for male doctors and ₹3,000 per month for lady doctors. G.O. Ms. No. 5, dated 08/01/2016 restricts admissibility of Additional House Rent Allowance (AHRA) to specified categories of employees entitled to Rent-Free Accommodation where such accommodation is not provided by Government. G.O. Ms. No. 152, dated 11/12/2015, Finance Department, read with Rule 92 of AP Travelling Allowance Rules, 1996, which restrict claims to public transport fares and specific mileage ceilings.

Scrutiny of records revealed several instances of irregular drawal of allowances in contravention of the prescribed rules and Government orders. The irregularities included payment of FTA without fulfilment of the prescribed tour conditions, payment of Night Out Allowance without valid sanction, concurrent drawal of mutually exclusive allowances, payment of Rural Allowance and AHRA to ineligible employees, and irregular reimbursement of LTC claims. The details are summarised below:

Type of Allowance	No. of Offices	Total Amount (₹)	Nature of Irregularity
Fixed Travelling Allowance	9	15,07,977	Pro-rata payments, non-fulfilment of minimum tour days and delayed claims
Night Out Allowance	3	4,43,950	Paid prior to Government sanction or without authorisation
Emergency Health Care Allowance (EHCA)	2	3,38,700	Concurrent drawal of prohibited medical allowances
Rural Allowance	1	5,500 per month	Paid to a doctor serving in an urban health facility
Additional House Rent Allowance (AHRA)	12	2,000 per month	Paid to ineligible ministerial, engineering and health staff
Leave Travel Concession (LTC)	2	--	Unauthorised bus hire / mileage reimbursement and reimbursement of airfare booked through an unauthorised travel portal

The details are discussed below:

i. **Fixed Travelling Allowance (FTA):** In nine treasury offices[1], FTA amounting to **₹15,07,977** was irregularly disbursed involving pro-rata payments and payments for cumulative periods ranging from 14 to 44 months without maintenance of prescribed tour diaries or condonation of delay by the competent authority.

ii. **Night Out Allowance:** In three treasury offices[2], Night Out Allowance amounting to **₹4,43,950** was paid prior to Government sanction or without valid authorisation.

iii. **Emergency Health Care Allowance (EHCA):** In two treasury offices[3], concurrent drawal of Emergency Health Care Allowance and Non-Practising Allowance resulted in excess payment of **₹3,38,700**.

iv. **Rural Allowance:** In STO Tadipatri, Rural Allowance at the rate of **₹5,500 per month** was paid to a doctor serving in an urban health facility, though the allowance is admissible only to doctors serving in notified rural institutions.

[1] DTAO Srikakulam; Div. STO Tekkali; STO Cheepurupalli; STO Koilakuntla; STO Nellimarla; STO Ponduru; STO Rapur; STO Railway Kodur; STO Srikalahasti.

[2] STO Atmakur (Nandyal); STO Kanigiri; STO Udayagiri.

[3] STO Koilakuntla; STO Podalakuru.

v. **Additional House Rent Allowance (AHRA):** In 12 treasury offices[4], AHRA at the rate of **₹2,000 per month** was paid to ineligible ministerial, engineering and nursing staff in contravention of the prescribed eligibility conditions.

vi. **Leave Travel Concession (LTC):** In two treasury offices[5], irregular LTC reimbursements involving excess or inadmissible payments were noticed. In one case, reimbursement of private bus hire charges was allowed though the employee was not entitled to such reimbursement, and the journey exceeded the prescribed mileage ceiling. In another case, airfare was reimbursed even though the tickets had been booked through an unauthorised private travel portal instead of Government-authorised agencies.

The above irregularities indicate inadequate pre-check of claims and weak enforcement of the prescribed admissibility conditions at the treasury level, resulting in irregular expenditure and weakening financial accountability. Acceptance of delayed and consolidated claims over prolonged periods further reduced transparency and impaired effective verification of the admissibility of claims.

3.4.2. Irregularities in the Reimbursement of Water Charges, Air Conditioner Allowance and Other Allowances – Judicial Officers

As per SR 32 under TR 16, Treasury Officers shall ensure the validity and admissibility of every claim before authorising payment. G.O. Ms. No. 13, dated 29/02/2024, read with Circular Memo No. 249117163/PC-TA/2024, dated 06/08/2024, prescribes the admissibility conditions and ceiling limits for allowances recommended by the Second National Judicial Pay Commission, including reimbursement of water charges and Air Conditioner Allowance. Further, Rule 38-A of the CCS (Leave) Rules, 1972, prescribes that leave encashment during Leave Travel Concession (LTC) shall be calculated only on Pay and Dearness Allowance.

Scrutiny of records revealed several instances of irregular reimbursement of allowances in contravention of the prescribed Government Orders and rules, as summarised below:

Nature of Irregularity	No. of Offices	Total Excess / Inadmissible Amount (₹)
Overpayment of Water Charges	8	10,91,410
Excess Air Conditioner Allowance	4	1,51,940
Inadmissible LTC Airfare Reimbursement	1	49,447
Incorrect Leave Encashment during LTC	2	47,559

The details are discussed below:

i. **Water Charges:** In eight treasury offices[6], reimbursement of Water Charges amounting to **₹10,91,410** was admitted in excess of the prescribed monthly ceiling limits (₹1,750 for District Judges and ₹1,400 for Civil Judges).

[4] DTAO Srikakulam; DTAO Visakhapatnam; DTAO Vizianagaram; Div. STO Tirupati; STO Atmakur (Nandyal); STO Guntakal; STO Nandikotkur; STO Nellimarla; STO Palasa; STO Rajupalem; STO Tadipatri; STO Vinukonda.

[5] DTAO Chittoor; DTAO Srikakulam.

[6] DTAO Srikakulam; Div. STO Parvathipuram; Div. STO Tekkali; STO Banaganapalli; STO Narasannapeta; STO Sompeta; STO Srikalahasti; STO Tiruvuru.

ii. **Air Conditioner Allowance:** In four treasury offices[7], Air Conditioner Allowance amounting to **₹1,51,940** was reimbursed in excess of the prescribed ceiling of ₹60,000 for a five-year block period.

iii. **Leave Travel Concession (LTC) - Inadmissible Airfare Reimbursement:** In DTAO, Visakhapatnam, inadmissible airfare reimbursement amounting to **₹49,447** was admitted for tickets booked through an unauthorised private travel portal.

iv. **Leave Travel Concession (LTC) – Incorrect Leave Encashment:** In two treasury offices[8], House Rent Allowance amounting to **₹47,559** was irregularly included in the calculation of leave encashment during Leave Travel Concession (LTC), contrary to Rule 38-A of the CCS (Leave) Rules, 1972.

v. **Higher Qualification Allowance:** In STO Narasannapeta, Higher Qualification Allowance was paid at **₹7,440 per month** instead of the admissible **₹7,020 per month**, resulting in excess payment of **₹420 per month**.

The above irregularities indicate inadequate pre-check of claims and weak enforcement of the prescribed admissibility conditions at the treasury level, resulting in excess and inadmissible payments amounting to **₹13,40,356**.

<u>Action desired</u>

- Strengthen treasury pre-check mechanisms to verify eligibility, ceiling limits, prescribed tour conditions, authorised modes of travel, time limits for submission of claims and other conditions governing admissibility before authorising payment.
- System-based validation controls may be introduced in CFMS to automatically restrict allowance claims within prescribed admissibility limits.

3.4.3. Irregularities noticed in processing and authorization of Arrear claims

3.4.3.1. Non-compliance with mandatory District Treasury Officer scrutiny of Arrear Claims

Rule 7 of G.O. Ms. No. 161, dated 27/04/1991, mandates that all arrear claims, whether presented at a Sub-Treasury or District Treasury, shall be scrutinised and passed by the District Treasury Officer before payment. The Rule further requires that such claims be supported by an indemnity bond to safeguard Government interests against any overpayment or subsequent objections.

Scrutiny of records in STO Ponduru revealed that five arrear bills amounting to **₹25,52,864** were admitted and passed without mandatory scrutiny and authorization by the District Treasury Officer. It was further noticed that the prescribed indemnity bonds were not obtained in support of these claims. In addition, proper deduction of Income Tax at Source (TDS) was not ensured, resulting in instances of non-deduction and short deduction of tax.

---

[7] Div. STO Jammalamadugu; STO Banaganapalli; STO Koilakuntla; STO Yemmiganur.
[8] DTAO Visakhapatnam; STO Chodavaram.

Failure to comply with the prescribed scrutiny procedure weakened the control framework governing arrear payments and exposed Government funds to the risk of irregular or excess payments.

3.4.3.2. Non-application of prescribed discount and admission of time-barred Arrear Claims

Under Article 54 of the Andhra Pradesh Financial Code, Vol-I, read with G.O. Ms. No. 161, dated 27/04/1991, arrear claims remaining unpaid for more than six months are required to be subjected to a discount of 15 per cent unless specifically certified otherwise by the competent controlling authority. The Government Order further stipulates that arrear claims relating to a period exceeding six years shall not be admitted for payment without obtaining ad hoc sanction of the Government irrespective of the amount involved.

Verification of arrear claims processed in three treasury offices[9] revealed that arrear payments aggregating **₹22,47,423** were admitted without applying the prescribed 15 per cent discount, with short deduction of the mandatory discount, or without obtaining the requisite ad hoc Government sanction in respect of claims older than six years. The admission of such claims in deviation from the prescribed provisions resulted in irregular authorization of arrear payments and indicates deficiencies in the scrutiny mechanism exercised at the treasury level.

3.4.3.3.Deficiencies in Statutory Tax compliance for Arrear payments

In accordance with Section 192(1) of the Income Tax Act, 1961, any person responsible for paying income chargeable under the head "Salaries" must, at the time of payment, deduct income tax computed on the basis of the rates in force for the financial year in which the payment is made. Section 15(c) further stipulates that arrears of salary are taxable in the year of receipt if they were not charged to income tax in any earlier previous year. While Section 192(2A) allows for the consideration of relief under Section 89(1), such relief is strictly contingent upon the assessee furnishing prescribed particulars in Form 10E to the Drawing and Disbursing Officer (DDO), who must then compute the relief and adjust the deduction accordingly.

Verification of records revealed instances of non-deduction and short deduction of Tax Deducted at Source (TDS) on salary arrear payments. In two treasury offices[10], TDS was deducted at rates significantly lower than the applicable statutory rates in respect of four salary arrear bills. Further, in STO Rapur, income tax amounting to **₹2,68,625** was not deducted while passing three salary arrear bills. These irregularities resulted in short remittance of income tax to the Government.

Non-deduction of Tax Deducted at Source (TDS) 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.

[9] DTAO Vizianagaram; STO Kanigiri; STO Udayagiri.
[10] DTAO Tirupati; DTAO Visakhapatnam.

3.4.4. Non-recovery of Advances sanctioned

SR 32 under TR 16 mandates that Treasury Officers verify the validity of claims and ensure compliance with rules regarding bill endorsements and recoveries. Sanction orders for House Building Advances (HBA) and Festival Advances (FA) specify recovery in fixed monthly instalments, often commencing after a defined moratorium or from the month following drawal. As per Para 5(a) of G.O. Ms. No. 19, dated 16/02/2024, every APGLI policyholder is eligible to avail a loan after payment of 36 monthly premiums. Further, Para 5(c)(ii) stipulates that recovery of the loan through Equated Monthly Instalments (EMIs) shall commence from the salary of the month immediately succeeding the drawal of the loan.

Scrutiny of records revealed several instances where mandatory recoveries were either not initiated or were not effected in accordance with the prescribed schedule, resulting in non-recovery of Government dues, as detailed below:

Category of Advance	Number of cases	Total Amount (₹)
House Building Advance	7	12,44,375
Festival Advance	9	87,500
Total	**16**	**13,31,875**

The details are discussed below:

i. In two treasury offices[11], recovery in seven **House Building Advance** cases did not commence from the prescribed fourth month, resulting in non-recovery of **₹12,44,375**.

ii. In two treasury offices[12], recovery of nine **Festival Advances** amounting to **₹87,500** was not effected through the prescribed ten monthly instalments.

iii. In 15 treasury offices[13], **Andhra Pradesh Government Life Insurance (APGLI)** loans were disbursed to employees; however, recovery of the prescribed Equated Monthly Instalments (EMIs) was not effected from the month immediately succeeding the drawal of the loan, as required under the Government Orders.

The above irregularities indicate inadequate pre-check of salary bills and insufficient scrutiny by the treasury authorities to ensure timely recovery of Government advances and APGLI loan instalments in accordance with the prescribed recovery schedule. In transfer cases, non-transfer of loan liability details through Last Pay Certificates (LPCs) also affected the continuity of recoveries. These deficiencies increase the risk of accumulation of Government dues and consequent loss of Government revenue.

The above irregularities indicate inadequate pre-check of salary bills and insufficient scrutiny by the treasury authorities to ensure timely recovery of Government advances and APGLI loan instalments in accordance with the prescribed recovery schedule. Non-transfer of loan liability details through Last Pay Certificates (LPCs) in transfer cases further disrupted the continuity

[11] STO Pattikonda; STO Yemmiganur.

[12] STO Sompeta; STO Tiruvuru.

[13] DTAO Chittoor; Div. STO Atmakur (Nellore); Div. STO Gurazala; Div. STO Kadapa; Div. STO Parvathipuram; STO Allagadda; STO Atmakur (Nandyal); STO Banaganapalli; STO Buchireddypalem; STO Koilakuntla; STO Podalakuru; STO Rajupalem; STO Rayachoty; STO Vinukonda; STO Yemmiganur.

of recoveries, resulting in accumulation of Government dues and increasing the risk of revenue loss.

Action desired

- Ensure recoveries towards House Building Advances (HBA), Festival Advances (FA) and APGLI loans are commenced and effected strictly in accordance with the prescribed recovery schedule and Government Orders by strengthening treasury pre-check and periodic monitoring of salary bills to promptly detect and rectify omissions.
- Ensure timely updation and transfer of loan liability details through Last Pay Certificates (LPCs) and strengthen system-based validation controls in CFMS to prevent omission or discontinuity of recoveries.

3.4.5. Irregular drawal of Contract Employee Salaries through creation of Duplicate CFMS beneficiary IDs – ₹1 Crore

*Audit detected a suspected fraud involving unauthorised drawal of Government funds amounting to **₹1,00,40,156** through the creation of duplicate CFMS beneficiary IDs under contract employee salary bills at STO Allagadda. Multiple fictitious beneficiary IDs were created using the same Aadhaar number and bank account while assigning names resembling those of genuine employees, exposing significant weaknesses in CFMS validation controls and beneficiary management.*

A serious case of suspected fraud involving unauthorised drawal of Government funds approximately amounting to **₹1 crore** was noticed in **STO Allagadda**. Audit scrutiny revealed that multiple fictitious CFMS beneficiary/vendor IDs had been created under Object Head **300-301 (Contract Employees)** by using the **same Aadhaar number and bank account** while assigning names resembling those of genuine contract employees and pensioners. Payments were subsequently drawn through these duplicate beneficiary IDs and credited to a single bank account.

The fraudulent transactions were facilitated by critical weaknesses in CFMS controls, including the absence of Aadhaar–bank account–name level validation, unrestricted creation of beneficiary IDs at the DDO level without independent verification, lack of DDO-wise budget controls for contract employee salaries, and non-availability of salary variation statements for treasury scrutiny. Audit identified seven fictitious beneficiary IDs linked to the same Aadhaar number and bank account through which unauthorised payments aggregating to **₹1 crore** were drawn over a period of time.

The case highlights serious deficiencies in the internal control framework governing beneficiary management and payment processing in CFMS, exposing Government funds to the risk of fraudulent diversion. The Government may strengthen system-based validation controls by enforcing validation to prevent duplicate Aadhaar numbers and bank accounts in beneficiary IDs, implementing maker-checker mechanisms for creation of beneficiary IDs, generating exception reports for duplicate Aadhaar/bank account combinations, and providing treasury authorities with adequate system-generated validation reports to facilitate effective pre-check of claims.

3.5. Irregularities noticed in processing of Pension and Other Retirement Benefits

3.5.1. Pension

3.5.1.1. Excess Payment of Service Pension

During review of Government Orders relating to service matters at DTA, Mangalagiri, it was noticed that the Government, vide G.O. Ms. No. 71, dated 11/09/2023, ordered permanent withholding of pension and gratuity in respect of Sri Alla Srihari, former Executive Engineer, Panchayati Raj Department, Visakhapatnam District, holder of PPO No.22-S-012425, duly marking a copy to the Directorate of Treasuries and Accounts. Earlier, a penalty of 50% cut in pension had also been imposed vide G.O. Ms. No. 53, dated 03/02/2010. However, review of pension payment records of STO Visakhapatnam (Seethammadhara) revealed that neither the 50% cut in pension nor the stoppage of pension ordered by the Government was implemented, resulting in continued payment of provisional pension to the pensioner. Consequently, excess pension amounting to **₹16,54,151** was paid during the period from 11-09-2023 to 30-04-2025.

3.5.1.2. Excess payment of Family Pension

During the test check of Pension Payment Orders (PPOs) in various treasury offices, it was observed that the revised Pay Revision Commission (PRC) scales were not correctly applied while consolidating Family Pension. Scrutiny of the pension records revealed that, in certain cases, incorrect basic family pension values were adopted and/or the prescribed PRC consolidation formula was erroneously applied during the revision of pension. Consequently, the consolidated Family Pension was fixed at rates higher than those admissible under the relevant Government Orders.

The incorrect fixation of Family Pension resulted in the authorisation and continued disbursement of pension in excess of the eligible amount, leading to avoidable excess payment of Government funds to the beneficiaries. The recurrence of such errors indicates deficiencies in the verification and quality control mechanisms adopted during the implementation of the PRC revisions, as the irregularities remained undetected despite the prescribed checks at the stages of pension revision, authorisation, and disbursement.

In 14 treasury offices[14], an excess payment of Family Pension amounting to **₹48,52,951** was noticed due to incorrect consolidation of Family Pension under the PRC scales.

3.5.1.3. Short payment of Family Pension

During the test check of Pension Payment Orders (PPOs) in various treasury offices, it was observed that, in certain cases, Family Pension was not correctly consolidated while implementing the revised Pay Revision Commission (PRC) scales. Scrutiny of the pension

[14] Div. STO Guntur; Div. STO Palakonda; Div. STO Parvathipuram; Div. STO Tirupati; Div. STO Vijayawada (East); STO Banaganapalli; STO Bobbili; STO Buchireddypalem; STO Koilakuntla; STO Podalakuru; STO Ponduru; STO Rajupalem; STO Vinukonda; PAO AP Bhavan, New Delhi.

records revealed that the prescribed PRC consolidation formula was incorrectly applied and/or incorrect basic pension values were adopted during the revision of Family Pension. Consequently, the Family Pension was fixed at rates lower than those admissible under the relevant Government Orders.

As a result, eligible beneficiaries were paid Family Pension at rates lower than their entitled amount, leading to short payment of pension. The irregularity indicates deficiencies in the verification and quality control mechanisms adopted during the implementation of the PRC revisions, as the errors remained undetected despite the prescribed checks at the stages of pension revision, authorisation, and disbursement.

In three treasury offices[15], short payment of Family Pension amounting to **₹2,19,414** was noticed due to incorrect consolidation of Family Pension under the PRC scales.

3.5.2. Commuted Value of Pension

3.5.2.1. Short recovery / non-recovery of Commuted Portion resulting in excess payment of Pension

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

However, scrutiny of pension records revealed that, in certain cases, recovery of the commuted portion of pension was not commenced from the due date as prescribed. Consequently, pension continued to be disbursed without effecting the mandatory commutation recovery, resulting in excess payment of pension.

In 14 treasury offices[16], excess payment of pension amounting to **₹61,86,900** was noticed due to non-recovery of the commuted portion of pension.

3.5.2.2. Excess recovery of Commuted Value of Pension resulting in short payment of Pension

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

However, scrutiny of pension records revealed that, in certain cases, recovery towards the commuted portion of pension was effected in excess of the amount admissible. Consequently, pension was disbursed at rates lower than those actually due to the pensioners, resulting in short

[15] STO Atmakur (Nandyal); STO Nandikotkur; STO Yemmiganur.

[16] AP CRT Mangalagiri; Div. STO Ananthapuramu; Div. STO Atmakur (Nellore); Div. STO Guntur; Div. STO Palakonda; Div. STO Tirupati; Div. STO Vijayawada (East); STO Kamalapuram; STO Pattikonda; STO Railway Kodur; STO Rayachoty; STO Sompeta; STO Yemmiganur; PAO AP Bhavan, New Delhi.

payment of pension. The irregularity indicates deficiencies in the regulation of commutation recovery and the verification of pension payments by the treasury offices.

In eight treasury offices[17], short payment of pension amounting to **₹12,49,408** was noticed due to excess recovery of the commuted value of pension.

3.5.3. Gratuity

3.5.3.1. Excess payment of Gratuity

As per SR 32 under TR 16, the Treasury Officer shall satisfy himself that every claim presented for payment is valid and in accordance with the applicable rules before authorising payment. He shall also ensure that the amount paid is supported by the sanction and authorisation issued by the competent authority.

However, scrutiny of pension records revealed that, in certain cases, Death-cum-Retirement Gratuity (DCRG) was disbursed in excess of the amount authorised by the Pension Authorising Authorities. Consequently, payments exceeding the admissible amount were made to the beneficiaries, resulting in avoidable excess expenditure of Government funds. The irregularity indicates deficiencies in the verification of authorised gratuity amounts before disbursement by the treasury offices.

In two treasury offices[18], excess payment of Death-cum-Retirement Gratuity amounting to **₹74,854** was noticed due to payment of gratuity in excess of the amount authorised by the Pension Authorising Authorities.

3.5.3.2. Short payment of Gratuity

As per SR 32 under TR 16, the Treasury Officer shall satisfy himself that every claim presented for payment is valid and in accordance with the applicable rules before authorising payment. He shall also ensure that the amount paid is supported by the sanction and authorisation issued by the competent authority.

However, scrutiny of pension records revealed that, in certain cases, Death-cum-Retirement Gratuity (DCRG) was disbursed at an amount lower than that authorised by the Pension Authorising Authorities. Consequently, the beneficiaries were paid gratuity short of their admissible entitlement, resulting in short payment of gratuity. The irregularity indicates deficiencies in the verification of authorised gratuity amounts before disbursement by the treasury offices.

In two treasury offices[19], short payment of Death-cum-Retirement Gratuity amounting to **₹19,41,340** was noticed due to payment of gratuity lower than the amount authorised by the Pension Authorising Authorities.

[17] AP CRT Mangalagiri; Div. STO Ananthapuramu; Div. STO Kadapa; Div. STO Tirupati; STO Guntakal; STO Kanigiri; STO Sompeta; STO Tadipatri.
[18] STO Palakollu; STO Podalakuru.
[19] Div. STO Jammalamadugu; STO Cheepurupalli.

3.5.4. Excess / Inadmissible payment of Pensionary Allowances

During the test check of pension records in various treasury offices, it was observed that pensionary allowances were not correctly regulated in accordance with the applicable Government Orders and pension rules. Scrutiny of the records revealed instances where Dearness Relief (DR), Additional Quantum of Pension (AQP), and Dearness Relief on Additional Quantum of Pension were either sanctioned or continued at rates higher than those admissible or paid despite the beneficiaries not being eligible. These irregularities were attributable to incorrect calculation of pensionary benefits, failure to regulate allowances in accordance with the prescribed provisions, and inadequate verification during authorisation and subsequent disbursement of pension.

As a result, excess and inadmissible payment of pensionary allowances was made to the beneficiaries, leading to avoidable outflow of Government funds. The recurrence of such irregularities indicates deficiencies in the scrutiny, verification, and internal control mechanisms adopted by the treasury offices to ensure correct fixation and regulation of pensionary benefits.

In four treasury offices[20], instances of excess/inadmissible payment of pensionary allowances amounting to **₹9,83,330**, comprising Dearness Relief (DR) and Additional Quantum of Pension (AQP), were noticed, as summarised below:

Nature of Irregularity	No. of Offices	Excess / Inadmissible Amount (₹)
Dearness Relief (DR)	2	9,38,143
Additional Quantum of Pension (AQP)	2	45,187

3.5.5. Head of Account (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 / Head of the Department 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 amounting to **₹32,69,550**, the details of which are furnished in **Annexure - III**.

3.5.6. Non-uploading of AG / State Audit sanction orders in Gratuity and Commutation Bills

As per the provisions of the Andhra Pradesh Treasury Rules (A.P.T.R.), A.P.T.R. 16, S.R. 2(A)(4) stipulates that a bill or other voucher presented at the Treasury as a claim for payment of any amount by the Government shall contain particulars of the orders sanctioning the charge, if it was incurred under special orders. Further, A.P.T.R. S.R. 2(J) mandates that when a bill relates to a charge incurred under a special order of sanction, the particulars of the order shall be entered on the bill and a copy thereof shall be attached to the bill, duly certified to be a true

[20] Div. STO Gudur; Div. STO Vijayawada (East); STO Atmakur (Nandyal); STO Pattikonda.

copy by the Government servant who signs the bill. Additionally, A.P.T.R. Rule 24 provides that the Treasury Officer shall be responsible to the Accountant General for acceptance of the validity of a claim against which withdrawal has been permitted and for ensuring that the payee has actually received the amount withdrawn.

During the test check of vouchers under the jurisdiction of the STO Udayagiri, it was observed that in the case of payments relating to Gratuity and Commutation of Pension, where the STO itself was acting as DDO, the bills passed by the office did not attach the Commutation Payment Order or Gratuity Payment Order issued by the Principal Accountant General's Office (in the case of regular government servants) or by the Local Fund Audit Office (in the case of last grade service employees).

Due to the absence of these mandatory sanction orders, it was not possible to verify the authenticity of the claims or to ascertain whether the payments were made strictly in accordance with the sanctioned orders from the CFMS website at the AG office. This issue was further compounded by the fact that, after the introduction of CFMS, the Account Rendering Units (ARUs) had stopped sending physical vouchers. Therefore, the only method available to the AG office for verification is by examining the digital attachments under "Notes and Documents" in the CFMS system. In the absence of proper documentation, such verification becomes incomplete and inconclusive.

3.5.7. 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 / three years, 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.

Pensions remaining undrawn for more than one / three years were noticed in certain treasuries. In three treasury offices[21], a total of 18 such cases were noticed.

Action desired

- Introduce system-driven validation controls and exception reporting in CFMS to automatically identify and flag deviations such as incorrect pension fixation, incorrect Head of Account classification, non-implementation of Government orders, missing mandatory documents and long-undrawn pensions, enabling timely corrective action.
- Institute periodic review of pension cases to identify and rectify errors in pension fixation, recoveries, allowance regulation, implementation of Government orders and other pension-related irregularities in a timely manner.

[21] Div. STO Palakonda; STO Podalakuru; STO Vinukonda.

3.6. Irregularities noticed in processing of General Provident Fund bills - Misclassification

In accordance with Subsidiary Rule 1 under Treasury Rule 16 of the Andhra Pradesh Treasury Code Vol-I, every claim against the Government must be made by presenting a bill or voucher in the prescribed form, containing full details of the amount, nature of the claim, and all particulars necessary for proper classification in the accounts. Additionally, the Treasury Accounting Rules 1990 stipulate that drawing officers are responsible for ensuring bills are correctly classified, while treasury officials must ensure accounts are compiled correctly based on that classification. Consequently, both Drawing and Disbursing Officers (DDOs) and treasury officials are jointly responsible for the correct classification of transactions to maintain the integrity of financial reporting.

Verification of records revealed 14 instances of misclassification involving General Provident Fund (GPF) payments totalling **₹1.03 crore** were identified, as detailed in **Annexure - IV**.

These procedural lapses lead to the distortion of government accounts and the incorrect reflection of GPF balances, which weakens financial control and creates significant reconciliation issues between treasury and departmental figures. There is a risk that such misclassifications could mask excess payments or result in incorrect interest calculations for subscribers.

Action desired

A mandatory periodic reconciliation process may be instituted to identify classification errors early, and a mechanism for fixing accountability for recurring misclassifications should be established.

3.7. Irregularities noticed in processing of non-HR Bills

3.7.1. Non-compliance with Statutory Tax Deductions and systemic scrutiny failures

Section 51 of the CGST Act, 2017, and Sections 194C, 194-I, and 194J of the Income Tax Act, 1961, mandate the deduction of tax at source (TDS) at prescribed rates for payments related to works contracts, professional services, and rental agreements. G.O. Ms. No. 482, dated 24/09/2018 and Subsidiary Rule 32 under Treasury Rule 16 further obligate Drawing and Disbursing Officers (DDOs) and Treasury Officers to ensure these statutory deductions are reckoned before passing bills and to verify the nature and validity of every claim. Furthermore, Section 31 of the CGST Act requires all taxable supplies to be supported by a valid "Tax Invoice" containing specific particulars like GSTIN and tax components.

Verification of records revealed non-compliance with statutory tax deduction provisions, resulting in revenue leakage. In 161 cases, statutory deductions towards GST and Income Tax were either not effected or were short-deducted. Despite the absence or inadequacy of mandatory tax deductions, the bills were passed and payments released, indicating deficiencies in treasury scrutiny. The amount of GST and Income Tax short-deducted or not deducted aggregated to **₹41,37,507**, as detailed in the **Annexure - V**.

The Government may consider strengthening system-based controls in the CFMS by mandatorily validating statutory TDS deductions before bill submission and processing. Further, automated cross-verification of vendor GSTIN status, registration validity and relevant HSN/SAC classifications with the nature of the claim may be incorporated to prevent processing of ineligible claims and payments to unregistered, cancelled or non-compliant entities.

3.7.2. Systemic deficiencies in the processing and authentication of Election bills

In accordance with SR 32 under TR 16 of the Andhra Pradesh Treasury Code, a Treasury Officer must obtain adequate information regarding the nature of every payment and satisfy the Accountant General regarding the validity of every claim. Articles 3 and 4 of the Andhra Pradesh Financial Code, Vol-I, mandate that expenditure be incurred only for its intended purpose and paid strictly to the rightful claimant, holding the Drawing Officer responsible for preventing improper or wasteful expenditure. Furthermore, Article 99 of the Andhra Pradesh Financial Code restricts the drawal of funds through Abstract Contingent (AC) bills unless specifically authorized by Government sanction, while G.O. Ms No. 69, dated 14/08/2019 prescribes clear drawal procedures for sanctioned Heads of Account to prevent unauthorized fund diversion.

Verification of records relating to election expenditure revealed significant financial irregularities in the processing and payment of election-related bills, as detailed below:

i. In two treasury offices[22], Abstract Contingent (A.C.) Bills for General Elections 2024 were admitted in violation of prescribed procedures and without requisite Government sanction, resulting in irregular drawal of **₹1,67,35,059**.

ii. In STO Kamalapuram, improper disbursement of election expenditure through payments to unauthorised recipients, intermediaries, and persons other than actual beneficiaries / registered vehicle owners amounting to **₹43,65,182**.

iii. In two treasury offices[23], vehicle hire charges relating to election duties were admitted without adequate vehicle-wise utilisation details and supporting documentation. Audit further noticed excess payments due to adoption of rates higher than the prescribed ceiling and deficiencies relating to statutory tax compliance, resulting in excess expenditure of **₹35,80,228**.

iv. In DTAO Tirupati, irregularities in election-related expenditure were noticed involving excess levy of GST at 36% instead of the prescribed 18%, resulting in excess GST claim of ₹**19,10,536**.

v. In two treasury offices[24], irregular admission and payment of POL (Petrol, Oil & Lubricants) bills without vehicle-wise utilisation details, logbooks, quantity consumed, and other supporting documentation, resulting in irregular expenditure amounting to **₹14,29,651**.

[22] Div. STO Gurazala; STO Vinukonda.
[23] DTAO Tirupati; STO Srikalahasti.
[24] Div. STO Tekkali; STO Chodavaram.

vi. In DTAO Vizianagaram, diversion of Election Publication Funds towards sanitation-related works under an ineligible Head of Account (160/162 – Purchase of Books, Magazines and Periodicals) amounting to **₹4,29,600**.

vii. In DTAO Visakhapatnam, expenditure of **₹14,08,500** towards tent house, decoration and catering services was irregularly classified under Professional Services and mandatory TDS of **₹1,40,850** under Section 194J of the Income Tax Act was not deducted.

viii. In Div. STO Parvathipuram, GST amounting to **₹62,239** was irregularly paid to a vendor whose GST registration had been cancelled and who was ineligible to collect GST under the Composition Scheme.

The above irregularities indicate deficiencies in treasury scrutiny and internal controls over the processing of election expenditure. Such lapses increase the risk of unauthorised and excess payments, diversion of Government funds, non-compliance with statutory provisions and misclassification of expenditure, thereby weakening financial accountability and compromising the transparency and reliability of Government accounts.

3.7.3. Irregular levy and payment of defunct and exempt Taxes on Diet charges

As per Articles 3 and 38 to 44 of the Andhra Pradesh Financial Code (APFC), Vol-I, every Government servant incurring expenditure from public funds must ensure it conforms to standards of financial propriety and that no payment is made for charges not legally due. SR 32 under TR 16 mandates that Treasury Officers must satisfy themselves regarding the validity of every claim and ensure vouchers are formally complete and compliant with rules before payment. With the implementation of the Goods and Services Tax (GST) Act, 2017, effective from 1 July 2017, all forms of indirect taxes including Value Added Tax (VAT) and Sales Tax were subsumed and abolished. Furthermore, Notification No. 12/2017-CT (Rate) and Circular No. 32/06/2018-GST clarify that diet services provided to in-patients form part of composite healthcare treatment and are strictly exempt from GST.

Verification of records relating to payments towards Cost of Ration/Diet Charges revealed significant financial irregularities in the processing and admission of diet charge bills, including irregular levy and deduction of GST on exempt supplies, reimbursement of obsolete taxes, and other deviations from statutory and financial provisions, as detailed below:

i. In five treasury offices[25], irregular levy/payment of GST and deduction of GST-TDS on exempt in-patient diet charges, resulting in financial irregularities of **₹15,24,025**.

ii. In STO Guntakal, irregular reimbursement of Value Added Tax (VAT), which stood abolished under the GST regime, on diet charge bills resulting in excess expenditure of **₹1,56,258**.

iii. In Div. STO Gurazala, Sales Tax amounting to **₹50,465** was irregularly admitted on bills relating to GST-exempt diet services for in-patients, despite Sales Tax having been subsumed under GST, and the supporting invoices were not compliant with Rule 46 of the CGST Rules, 2017.

[25] Div. STO Atmakur (Nellore); Div. STO Narsipatnam; Div. STO Tirupati; STO Atmakur (Nandyal); STO Banaganapalli.

Admission of taxes that were either exempt, abolished or otherwise inadmissible reflects inadequate compliance with the prescribed statutory provisions. Such lapses result in avoidable expenditure, incorrect accounting of Government transactions and weaken financial propriety in the utilisation of public funds.

3.7.4. Misclassification of expenditure and Statutory deductions under incorrect Heads of Account (HoA)

Under Article 150 of the Constitution, the accounts of the Union and State Governments must be kept in the form prescribed by the President on the advice of the Comptroller and Auditor General, which includes selecting the appropriate Heads for transaction classification. The functional classification system, introduced in April 1974, is designed to reflect Government transactions in terms of functions, programs, and schemes. Specifically, G.O. Ms. No. 69, dated 14/08/2019 established clear drawal procedures for Detailed and Sub-Detailed Heads of Account. Furthermore, the Ministry of Finance, through Correction Slip No. 932, dated 04/06/2019, introduced a new Minor Head (139) under 8658-Suspense Accounts specifically to accommodate receipts pertaining to GST-Tax Deducted at Source (GST-TDS).

Verification of records revealed significant irregularities in the booking of expenditure and statutory deductions under incorrect Heads of Account, as detailed below:

i. In two treasury offices[26], GST-TDS amounting to **₹6,90,21,440** was misclassified under HoA 8658-112 instead of the prescribed HoA 8658-139 (GST-TDS Suspense), resulting in incorrect accounting classification.
ii. In PAO AP Bhavan, New Delhi, expenditure towards purchase of dispensary medicines amounting to **₹13,92,613** was irregularly classified under “010-Salaries–Medical Reimbursement” instead of “210-Supplies and Materials–Drugs and Medicines”.

The continued booking of non-salary expenditure under salary heads and the failure to utilize designated minor heads for GST-TDS results in the distortion of government accounts and the incorrect reflection of balances. These procedural lapses represent a weakening of financial control and a failure to adhere to constitutional and codal provisions.

Action desired:

- Strengthen CFMS by incorporating rule-based validation checks to ensure mandatory statutory deductions, admissible tax components, vendor eligibility, authorised beneficiaries, supporting documents and correct Heads of Account are verified before bills are admitted for payment.
- A monitoring mechanism should be instituted to ensure that all contingent expenditure is supported by mandatory logbooks and utilization certificates before processing.
- Institute a risk-based post-payment review mechanism for high-value and sensitive claims such as election expenditure, statutory tax deductions and contingent expenditure to detect irregular payments, misclassification of expenditure and non-compliance with statutory provisions.

[26] AP CRT Mangalagiri; PAO AP Bhavan, New Delhi.

3.8.Irregularities noticed in processing of Personal Deposit Accounts bills

3.8.1. Non-transfer of Labour Cess to Welfare Board

The Building and Other Construction Workers Welfare Cess Act, 1996, provides for the levy and collection of cess to benefit construction workers, stipulating that such amounts be maintained in a dedicated bank account. In accordance with G.O. Ms. No. 112, dated 15/12/2009, the Government of Andhra Pradesh directed the collection of a 1% cess on the gross bills paid to contractors and agencies for all construction works, effective from 26/06/2007. The Drawing and Disbursing Officers and Treasury Officers are solely responsible for the collection and final settlement of this cess, which must be remitted to the Welfare Board within 30 days of collection as specified in paragraph 5(3) of the aforementioned order.

Verification of records revealed that collected labour cess was not transferred to the Welfare Board within the mandatory timeframe. In AP CRT Mangalagiri, an un-transferred amount totalling **₹777,00,88,431** was found in a Deposit Account (MH 8443-00-116-01-09-001-001VN). Although the cess is collected via challans and deductions from work bills and credited to the designated Head of Account, the funds were repeatedly readjusted to the same account without documented authority instead of being remitted within the required 30 days of work commencement or payment. This practice constitutes a direct violation of the Financial Rules and the procedures envisaged under the Cess Act.

Failure to transfer the collected Labour Cess to the Welfare Board within the prescribed timeframe resulted in prolonged retention of statutory funds and exposed the Government to avoidable interest liability. Such retention also weakens financial control over statutory remittances and affects the integrity of Government accounts.

3.8.2. Non-compliance with codal provisions regarding lapsing of Government funds

Criminal Court Deposits are classified under Category B – Lapsable Deposits as per G.O. Ms. No. 43, dated 22/04/2000 and G.O. Ms. No. 99, dated 14/08/2019. Article 271 of the Andhra Pradesh Financial Code (APFC) Vol-I mandates that deposits remaining unclaimed for more than three complete financial years must lapse automatically to the Government account. For Personal Deposit (PD) Accounts, Para 10(j) of G.O. Ms. No. 99, dated 14/08/2019, stipulates those unspent balances, particularly those sourced from Grants-in-Aid, must lapse at the end of the financial year. Furthermore, Article 127 of the Andhra Pradesh Accounts Code Vol-II specifies that identifying and certifying these lapses is a Treasury-level function, requiring the Treasury Officer to prepare annual lists of lapsed deposits to ensure government accounts are not burdened with idle balances.

Verification of records revealed that deposits aggregating to **₹5,07,09,117**, which had remained unclaimed for more than three completed financial years, were either not lapsed or irregularly retained across 10 treasury offices[27], as detailed below:

[27] DTAO Chittoor; DTAO Srikakulam; DTAO Vizianagaram; Div. STO Ananthapuramu; Div. STO Narsipatnam; Div. STO Tekkali; STO Cheepurupalli; STO Kamalapuram; STO Rayachoty; STO Sompeta.

Category of Deposit	Head of Account	No. of cases	Amount (₹)
Criminal Court Deposits	8443-00-105-01-010-010-01VN	22	4,85,65,721
Grants-in-Aid – Decentralisation of Planning	8443-00-106-02-97-001-001VN	1	21,43,396

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.

3.8.3. Irregularities in deduction and remittance of Statutory and Other Mandatory Deductions

Under Section 194C of the Income Tax Act, tax deduction at source (TDS) is mandatory for contractor payments exceeding ₹30,000 for a single contract or ₹1,00,000 in aggregate during a financial year. Section 51 of the CGST Act, 2017, and G.O. Ms. No. 482, dated 24/09/2018 mandate a 2% GST-TDS deduction on the supply of taxable goods or services where the total contract value exceeds ₹2,50,000. Furthermore, G.O. Ms. No. 99, dated 14/08/2019 stipulates that all payments from Deposit/PD accounts must be executed via Direct Beneficiary Transfer (DBT) to end-beneficiaries and explicitly states that routing transactions through the Green Channel does not exempt Drawing and Disbursing Officers (DDOs) from mandatory statutory TDS obligations. Additionally, financial and statutory rules prohibit the payment of GST on invoices that do not feature a valid GST Registration Number (GSTIN).

Verification of records revealed significant systemic failures in the deduction and remittance of statutory taxes across four treasury offices[28] as detailed below:

Sl. No.	Nature of Irregularity	Amount (₹)
1	Non-recovery of GST-TDS on procurement of cleaning materials for government schools. Further, deducted IT amount credited the DDO's Current Account	45,94,230
2	Deductions shown in bills were not adjusted to the respective final Heads of Account	4,04,978
3	Non-recovery of Income Tax and GST from bills funded under Finance Commission grants	3,90,640
4	Excess payment made towards GST despite non-furnishing of valid GSTIN by the beneficiary (*)	1,26,133

** Payments totalling approximately **₹1.88 crores** were transferred from a Gram Panchayat PD account for sanitation and staff salaries without the mandatory deduction of TDS.*

Failure to deduct and remit statutory taxes weakens financial controls, poses a risk of loss to Government revenue, and may attract statutory penalties. The irregularities also indicate deficiencies in the treasury-level verification and adjustment processes.

[28] AP CRT Mangalagiri; Div. STO Palakonda; STO Bobbili; STO Narasannapeta.

3.8.4. Other procedural irregularities in the operation and management of PD Accounts

G.O. Ms. No. 99, dated 14/08/2019 mandates that all expenditure from Personal Deposit (PD) and Deposit Accounts must be supported by explicit expenditure sanction orders and relevant invoices uploaded to the CFMS application, with withdrawals restricted to available ledger balances. APWA Code Para 157(b) and Treasury Rule 16 require Disbursing Officers to ensure that claims are supported by proper sanctions, deductions are correctly credited to final Heads of Account, and payments are made only to legally entitled persons. Additionally, Article 127 of the AP Accounts Code Vol-II and Article 271 of the APFC Vol-I mandate the annual review and lapsing of aged deposits and the closure of PD accounts inoperative for more than three financial years.

Verification of records in five treasury offices[29] revealed systemic deficiencies in adherence to the prescribed procedures, as detailed below:

Sl. No.	Nature of Irregularity	Amount Involved (₹)
1	Improper lapsing of unutilized externally aided project funds leading to potential fiscal misreporting.	50,13,36,826
2	Vouchers passed without sanction orders, M-books, or invoices; Non-deduction of TDS.	52,22,469
3	Withdrawals from Civil Court deposits without original receipt references or linkage.	35,00,000
4	Expenditures have been incurred against the negative balance, exacerbating the overdraft situation.	8,60,743
5	Payment made to a non-contracted beneficiary in violation of Treasury Rule 16.	1,31,830

The above deficiencies indicate serious weaknesses in internal financial controls and monitoring mechanisms relating to the operation of PD and Deposit Accounts. Such lapses increase the risk of irregular, excess or unauthorized payments and may lead to distortion of Government accounts.

Action desired:

- Introduce system-based controls in CFMS to ensure automatic remittance of Labour Cess to the Welfare Board within the prescribed period of 30 days from the date of collection.
- Introduce a system-based flagging mechanism in CFMS to identify long-inoperative Deposit/PD Accounts, overdue statutory remittances and balances due for lapsing, enabling timely corrective action.
- Incorporate rule-based validation in CFMS to identify transactions attracting statutory deductions and ensure their application in accordance with the prescribed financial thresholds and statutory provisions.

[29] AP CRT Mangalagiri; STO Bobbili; STO Chodavaram; STO Ponduru; PAO AP Bhavan, New Delhi.

3.9. Unauthorized / Irregular payments commonly noticed in the processing of HR, non-HR, Pension, and PD Account related bills

3.9.1. Duplicate payments

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 bills processed through the CFMS system revealed instances of double payments in 24 treasury offices involving expenditure amounting to **₹53,17,137**, as detailed in the table below:

Category-wise details of duplicate payments

Sl. No.	Nature of Irregularity	No. of Offices	Amount (₹)
1	In PD Accounts bills	11	37,97,237
2	Earned Leave Encashment claims	3	5,03,840
3	Hire vehicle charges	4	4,09,648
4	Gratuity claims	2	3,78,074
5	Rent for private buildings	2	1,03,338
6	Medical Reimbursement claims	1	1,00,000
7	Funeral Charges claims	1	25,000
	Total	**24**	**53,17,137**

The details are discussed below:

i. In 11 treasury offices[30], payments amounting to **₹37,97,237** were drawn from **Personal Deposit (PD) Accounts** for the same works, beneficiaries, and amounts without fresh sanctions or justification, and in some cases, despite explicit certifications that no prior withdrawals had been made. Specifically, grants intended for basic infrastructure and services under the 14th and 15th Finance Commissions were mis-utilized through these duplicate drawals.

ii. In three treasury offices[31], duplicate payments amounting to **₹5,03,840** were noticed in respect of **Earned Leave Encashment** claims, as the same leave encashment benefits were drawn more than once for the same employees through separate bills against the same sanction proceedings.

[30] DTAO Chittoor; Div. STO Gudur; Div. STO Vijayawada (East); STO Chodavaram; STO Jaggayyapeta; STO Nagari; STO Palasa; STO Srikalahasti; STO Tiruvuru; STO Udayagiri; STO Vinjamuru.

[31] DTAO Vizianagaram; STO Railway Kodur, STO Rapur.

iii. In four treasury offices[32], **hire charges** for the same vehicles were admitted for overlapping or identical periods through bills submitted by different Drawing and Disbursing Officers (DDOs), resulting in duplicate payments amounting to **₹4,09,648**.

iv. In two treasury offices[33], duplicate payments amounting to **₹3,78,074** were noticed in respect of **Gratuity** claims, as the same gratuity claims were drawn more than once for the same employees through separate bills against the same sanction proceedings.

v. In two treasury offices[34], **rent** for private buildings was drawn more than once for the same period, resulting in duplicate payments aggregating **₹1,03,338**.

vi. In Div. STO Palakonda, duplicate payments amounting to **₹1,00,000** were noticed in respect of **Medical Reimbursement** claims, as the same medical reimbursement claims were drawn more than once for the same employees through separate bills against the same sanction proceedings.

vii. In Div. STO Vijayawada (East), duplicate payments amounting to **₹25,000** were noticed in respect of **Funeral Charges** claims, as the same funeral charges claims were drawn more than once for the same employees through separate bills against the same sanction proceedings.

Such double payments result in a direct loss to the Government exchequer and indicate a significant breakdown of internal verification controls. The failure to detect identical supporting documentation and the lack of automated validation within the payment workflow increases the risk of financial misappropriation and the distortion of Government accounts.

3.9.2. 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 33 Annual Review Report on the working of Treasuries & PAOs for the year 2024-25 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 14/08/2019, 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. Further, 12(b) of G.O. Ms. No. 99 dated 14/08/2019, mandates that all payments be carried out in Direct Benefit Transfer (DBT) mode, ensuring transfers are made only to respective end-beneficiaries. No self-drawal from the Deposit Account is permitted, except for recouping petty office expenses and specific deductions, such as non-government deductions. Treasury Officers are responsible for verifying the validity of claims and ensuring that the payee actually receives the amount withdrawn from Government accounts.

[32] STO Chodavaram; STO Jaggayyapeta; STO Kamalapuram; STO Nagari.
[33] STO Allagadda; STO Bobbili.
[34] Div. STO Gudur; STO Palasa.

Verification of records across 45 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, involving **₹26 crore**, as detailed in **Annexure - VI**.

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.

Action desired:

- Introduce suitable validation controls in CFMS to automatically flag payments proposed to DDO or employee accounts and permit such transactions only where specifically authorised under the prescribed rules.
- Strengthen treasury scrutiny to ensure that claims are supported by valid sanctions, complete documentation and correct beneficiary details, and that payments are released only to the intended beneficiaries through the prescribed Direct Benefit Transfer (DBT) mechanism.

3.10. Lapses in monitoring of Safe Custody Articles and Strong Room security in Treasuries

Instruction 21 under TR 11 of the Andhra Pradesh Treasury Code (APTC), Vol-I read with G.O. Ms. No. 282, dated 21/11/1991 and DTA Memo No. M3/15409/89, dated 02/12/1991 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 25/08/1971 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 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[35] revealed that 374 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 and strong fitness certificates had expired in seven treasury offices[36]. 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.

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.

Action desired:

- Ensure periodic withdrawal, verification and redeposit of safe custody articles within the prescribed period and recover penal rent from the concerned authorities in cases of delayed withdrawal.
- Ensure timely exchange of duplicate padlock keys and annual inspection of treasury strong rooms by the competent engineering authority and obtain valid safety certificates as prescribed.

[35] Div. STO Guntur; Div. STO Gurazala; Div. STO Vijayawada (East); STO Allagadda; STO Koilakuntla; STO Vinukonda.

[36] Div. STO Guntur; Div. STO Tirupati; Div. STO Vijayawada (East); STO Bobbili; STO Jaggayyapeta; STO Koilakuntla, STO Vinukonda.

Part – IV: Systemic deficiencies in CFMS validation controls

Audit observed deficiencies in the system-based validation controls relating to admissibility of claims, beneficiary authentication, statutory tax compliance, payment destination validation and processing of arrear claims.

CFMS does not incorporate adequate validation controls to ensure that payments are credited to the appropriate destination accounts based on the nature of the bill. Consequently, Government funds amounting to about **₹26 crore** relating to Human Resource (HR), non-HR, election and Personal Deposit (PD) Account transactions were routed through DDO Current Accounts and employees' personal bank accounts instead of being credited directly to authorised beneficiaries or vendors. While credit of HR bills to employees' personal bank accounts is permissible, the system does not restrict credit of non-HR, election and PD Account bills to DDO Current Accounts or employees' personal bank accounts. The absence of validation controls to map the category of expenditure with the authorised destination account weakened the audit trail, bypassed the intended Direct Benefit Transfer (DBT) framework and reduced transparency in Government payments. CFMS may be strengthened by incorporating automated validation to permit credit to employees' personal bank accounts only for admissible HR payments and to ensure that all non-HR, election and PD Account payments are credited directly to the registered beneficiary or vendor accounts. The system may also generate exception reports wherever payments are proposed to unauthorised or intermediary accounts.

Audit also noticed serious deficiencies in beneficiary management controls at STO Allagadda, where multiple fictitious beneficiary IDs were created using the same Aadhaar number and bank account while assigning names resembling those of genuine contract employees and pensioners. CFMS did not validate Aadhaar numbers and bank accounts as unique identifiers before creation of beneficiary IDs. The absence of these preventive controls facilitated fraudulent drawal of Government funds amounting to **₹1 crore** through duplicate beneficiary IDs. CFMS may be strengthened by introducing unique Aadhaar–bank account validation, maker-checker controls for beneficiary creation, real-time alerts and periodic exception reports to identify duplicate beneficiary credentials.

CFMS also lacks adequate validation controls to verify the admissibility of allowances and enforce the prescribed monetary ceilings payable to Judicial Officers. Consequently, reimbursement of Water Charges beyond the prescribed monthly ceilings and payment of Air Conditioner Allowance in excess of the admissible block limits were admitted, resulting in inadmissible payments amounting to **₹12.43 lakh**. CFMS may be strengthened by incorporating automated validations to enforce eligibility conditions and prescribed monetary ceilings before admission of claims.

Further, CFMS does not incorporate adequate validation controls to ensure mandatory deduction of statutory taxes while processing bills. Consequently, instances of non-deduction and short deduction of Income Tax and GST-TDS were noticed in salary, non-HR and Personal Deposit Account bills despite their processing through CFMS. The system neither determines the applicability of statutory deductions based on the nature of expenditure, contract value, vendor profile and applicable tax provisions nor prevents processing of bills where mandatory deductions have not been effected. The absence of such preventive controls resulted in short remittance of Government revenue and weakened statutory compliance. CFMS may be strengthened by incorporating automated tax-rule mapping, mandatory validation of statutory deductions and exception reporting wherever prescribed deductions are omitted or short deducted.

CFMS also lacks adequate validation controls to ensure compliance with the prescribed procedure for processing arrear claims. The system does not enforce mandatory scrutiny and authorisation of arrear claims by the District Treasury Officer, validate the uploading of prescribed indemnity bonds, or ensure correct deduction of Income Tax at Source (TDS) before payment. Consequently, arrear claims could be admitted without the prescribed scrutiny, supporting documents and statutory tax compliance, exposing Government funds to the risk of irregular or excess payments. CFMS may be strengthened by introducing automated validation to ensure compliance with these mandatory requirements before authorisation of payment.

The above observations indicate that the existing validation framework in CFMS is predominantly transaction-oriented and lacks adequate preventive controls to ensure admissibility of claims, beneficiary authentication, statutory tax compliance, validation of payment destinations and compliance with prescribed financial procedures. Strengthening CFMS through automated business-rule enforcement, robust validation controls, maker-checker mechanisms, real-time exception reporting and preventive system checks would enhance financial discipline, minimise the risk of irregular and fraudulent payments, safeguard Government revenue, and improve the reliability, transparency and accountability of treasury operations.

Sr. Deputy Accountant General (Accounts & VLC)

ANNEXURES

Annexure-I: List of offices inspected during the year 2025-26

(Referred in para 3.1)

Sl. No.	Name of the Office
Anakapalli District	
1	Div. STO Narisipatnam
2	STO Chodavaram
Ananthapuramu District	
3	Div. STO Ananthapuramu
4	STO Guntakal
5	STO Tadipatri
Annamayya District	
6	STO Rayachoty
7	STO Railway Koduru
Chittoor District	
8	DTAO Chittoor
9	STO Nagari
Guntur District	
10	DTA Mangalagiri
11	DWA Mangalagiri
12	AP CRT Mangalagiri
13	Div. STO Guntur
14	PAO AP Mangalagiri
Kurnool District	
15	STO Yemmiganur
16	STO Pattikonda
Nandyal District	
17	STO Nandikotkur
18	STO Allagadda
19	STO Banaganapalli
20	STO Atmakur
21	STO Koilakuntla
NTR District	
22	Div. STO Vijayawada (East)
23	STO Tiruvuru
24	STO Jaggayyapeta
Palnadu District	
25	Div. STO Gurazala
26	STO Rajupalem
27	STO Vinukonda
Prakasam District	
28	STO Kanigiri

Sl. No.	Name of the Office
Parvathipuram Manyam District	
29	Div. STO Palakonda
30	Div. STO Parvathipuram
SPSR Nellore District	
31	Div. STO Atmakur
32	STO Buchireddypalem
33	STO Udayagiri
34	STO Vinjamuru
35	STO Rapur
36	STO Podalakuru
Sri Balaji District	
37	DTAO Tirupati
38	Div. STO Gudur
39	Div. STO Tirupati
40	STO Sullurpeta
41	STO Srikalahasti
Srikakulam District	
42	DTAO Srikakulam
43	STO Palasa
44	STO Narasannapeta
45	STO Ponduru
46	STO Sompeta
47	STO Tekkali
Visakhapatnam District	
48	DTAO Visakhapatnam
Vizianagaram District	
49	DTAO Vizianagaram
50	STO Cheepurupalli
51	STO Nellimarla
52	STO Bobbili
West Godavari District	
53	STO Palakollu
YSR Kadapa District	
54	Div. STO Jammalamadugu
55	Div. STO Kadapa
56	STO Kamalapuram
New Delhi	
57	PAO AP Bhawan (New Delhi)

Annexure - II: Outstanding Inspection Reports and Paras

(Referred in para 3.2)

Sl. No	District	Inspection Reports	Paras
1	Srikakulam	36	105
2	Vizianagaram	23	69
3	Parvathipuram Manyam	17	37
4	Alluri Sitharama Raju (Paderu)	10	20
5	Visakhapatnam	26	77
6	Anakapalli	8	26
7	Kakinada	20	60
8	Dr. B R Ambedkar Konaseema (Amalapuram)	11	22
9	East Godavari (Rajamahendravaram)	20	40
10	West Godavari (Bhimavaram)	8	31
11	Eluru	24	79
12	Krishna (Machilipatnam)	25	56
13	NTR (Vijayawada)	23	63
14	Guntur	41	125
15	Bapatla	21	61
16	Palnadu (Narasaraopet)	33	107
17	Prakasam at Ongole	32	104
18	SPSR Nellore	45	132
19	Kurnool	24	95
20	Nandyala	33	92
21	Ananthapuramu	36	110
22	Sri Satya Sai (Puttaparthy)	26	82
23	YSR Kadapa	50	227
24	Annamayya (Rayachoty)	23	83
25	Chittoor	27	95
26	Sri Balaji at Tirupati	24	54
27	AP Capital Region Treasury, Mangalagiri	4	18
28	Director of Treasuries and Accounts	6	36
	Total	**690**	**2207**

Annexure - III: Head of Account (HoA) Misclassification in Pensions

(Referred in para 3.5.5)

Sl. No.	Name of the Treasury	Booked under	To be booked under	Amount
1	STO Sompeta	2071011150014001000VN	2071011150014002000VN	6,50,515
2	Div. STO Parvathipuram	2071011010014040041VN	2071011020014040041VN	5,86,681
3		2071011010004040041VN	2071011020004040041VN	3,85,535
4	STO Allagadda	2071011150024001000VN	2071011150014001000VN	3,09,823
5	STO Vinukonda	8793001290000000000VN	2071011150024001000VN	2,22,553
6	Div. STO Ananthapuramu	2071011040014040042VN	2071011040024040042VN	1,45,245
7	Div. STO Parvathipuram	2071011010024040041VN	2071011020024040041VN	1,31,506
8	STO Podalakuru	2071011150014002000VN	2071011150024002000VN	1,24,456
9		2071011040024040042VN	2071011040004040042VN	1,12,731
10	DTAO Visakhapatnam	2071011150014001000VN	2071011150024001000VN	99,754
11	Div. STO Palakonda	2071011020014040041VN	2071011020024040041VN	90,298
12	STO Srikalahasti	2071011020014040041VN	2071011020024040041VN	86,453
13	STO Allagadda	2071011040014040042VN	2071011040024040042VN	61,903
14	STO Srikalahasti	2071011020014040041VN	2071011020024040041VN	51,267
15	STO Nandikotkur	2071011040024040042VN	2071011040014040042VN	43,396
16	Div. STO Ananthapuramu	2071011040024040042VN	2071011040014040042VN	29,114
17		2071011040014040042VN	2071011040024040042VN	23,697
18	STO Buchireddypalem	2071011040024040042VN	2071011040004040042VN	23,550
19	Div. STO Ananthapuramu	2071011040024040042VN	2071011040014040042VN	22,740
20	STO Pattikonda	2071011040024040042VN	2071011040014040042VN	21,798
21	DTAO Visakhapatnam	2071011150014001000VN	2071011150024001000VN	16,517
22		2071011150014001000VN	2071011150024001000VN	14,059
23	STO Nandikotkur	2071011040014040042VN	2071011040024040042VN	11,176
24	STO Pattikonda	2071011040014040042VN	2071011040024040042VN	4,783
			Total	**32,69,550**

Annexure – IV: Head of Account (HoA) Misclassification in General Provident Fund

(Referred in para 3.6)

Sl. No.	Name of the Treasury	To be booked under	Booked under (by Treasury)	Amount (in ₹)
1	Div. STO Palakonda	8009011010001000000VN	8009011010005000000VN	20,00,000
2	DTAO Srikakulam	8009011010001000000VN	8009011010005000000VN	17,38,428
3	STO Tiruvuru	8009011010001000000VN	8009011010005000000VN	12,00,000
4	Div. STO Parvathipuram	8009011010001000000VN	8009011010005000000VN	10,00,000
5	STO Sullurpeta	8009011010005000000VN	8009011010001000000VN	10,00,000
6	STO Nagari	8009011010001000000VN	8009011010005000000VN	8,00,000
7	Div. STO Atmakur (Nellore)	8009011010001000000VN	8009011010005000000VN	6,00,000
8	STO Bobbili	8009011010005000000VN	8009011010001000000VN	5,50,000
9	STO Pattikonda	8009011010001000000VN	8009011010005000000VN	5,31,913
10	STO Nandikotkur	8009011010001000000VN	8009011010005000000VN	3,00,000
11	STO Podalakuru	8009011010001000000VN	8009011010005000000VN	2,92,162
12	Div. STO Atmakur (Nellore)	8009011010005000000VN	8009011010001000000VN	1,70,000
13	STO Banaganapalli	8009011010001000000VN	8009011010005000000VN	1,00,000
14	STO Rajupalem	2235-60-104	8793-00-129	20,000
			Total	**1,03,02,503**

Annexure – V: Non-compliance with Statutory Tax Deductions and systemic scrutiny failures

(Referred in para 3.7.1)

Sl. No.	Name of the Treasury	TDS		Total (₹) (GST + IT) (Short / Non-Deducted)
		GST (₹)	IT (₹)	
1	DTAO Tirupati	8,27,226	2,12,282	10,39,508
2	DTAO Chittoor		5,99,666	5,99,666
3	DTAO Vizianagaram	5,27,816	67,630	5,95,446
4	Div. STO Atmakur (Nellore)	3,02,626		3,02,626
5	PAO AP Bhavan, New Delhi	61,408	1,04,408	1,65,816
6	STO Narasannapeta		1,61,352	1,61,352
7	Div. STO Jammalamadugu	37,080	90,873	1,27,953
8	STO Nagari		1,24,965	1,24,965
9	STO Palasa		1,18,246	1,18,246
10	Div. STO Narsipatnam	24,418	91,908	1,16,326
11	STO Nellimarla	65,698	49,731	1,15,429
12	Div. STO Tekkali	42,359	44,730	87,089
13	STO Guntakal	85,858		85,858
14	STO Cheepurupalli	47,330	23,665	70,995
15	STO Allagadda		67,775	67,775
16	STO Tadipatri		59,644	59,644
17	STO Pattikonda		59,421	59,421
18	Div. STO Tirupati	57,323		57,323
19	STO Sullurpeta		56,760	56,760
20	STO Vinjamuru	35,902	12,511	48,413
21	STO Bobbili	16,090		16,090
22	DTAO Srikakulam		13,927	13,927
23	STO Banaganapalli		13,652	13,652
24	Div. STO Palakonda	12,868		12,868
25	Div. STO Parvathipuram	8,840		8,840
26	DTAO Visakhapatnam	6,969		6,969
27	Div. STO Gudur		4,550	4,550
			Total	**41,37,507**

Annexure – VI: Routing of Government funds through DDO and Employee Accounts instead of Direct Beneficiary Transfer

(Referred in para 3.9.2)

Sl. No.	Name of the Treasury	Nature of Irregularity	Amount (₹)
1	DTAO Visakhapatnam	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	9,77,13,841
2	STO Ponduru	Amount credited into DDOs' Current Accounts / Employees' Personal Accounts	3,11,87,816
3	STO Udayagiri	Local fund deposits drawn into Personal Accounts of Employees/Sarpanches/AEEs	2,18,19,975
4	STO Palasa	Amount credited into DDOs' Current Accounts / Employees' Personal Accounts	2,00,82,871
5	STO Sullurpeta	Amount credited into DDOs' Current Accounts / Employees' Personal Accounts	1,07,46,100
6	STO Jaggayyapeta	Amount credited into DDOs' Current Accounts / Employees' Personal Accounts	1,01,90,083
7	STO Udayagiri	Amount credited into DDOs' Current Accounts	75,29,300
8	STO Rapur	Amount credited into Employees' Personal Accounts	68,78,352
9	STO Nandikotkur	Election funds credited to MRO's Current Account instead of directly to the respective vendors/service providers	66,86,888
10	STO Vinjamuru	Local fund deposits drawn into Personal Accounts of Employees/Sarpanches/AEEs	58,37,845
11	STO Palakollu	Amount credited into Employees' Personal Accounts	47,03,324
12	STO Kamalapuram	Election funds credited to Employees' Personal Accounts instead of to the respective vendors/service providers accounts	44,29,785
13	Div. STO Gudur	Amount credited into Employees' Personal Accounts	40,94,919
14	STO Palakollu	Office expenses/materials expenses drawn into MRO's Current Account	35,27,840
15	STO Kamalapuram	Mandatory deductions were credited to DDOs' Current Accounts	31,17,264
16	STO Palasa	Sarva Shiksha Abhiyan funds credited to some Employees' Personal Accounts	29,45,071
17	DTAO Tirupati	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	28,63,929
18	STO Vinukonda	Amount credited into DDO's Current Accounts / Employees' Personal Accounts	28,11,595
19	DTAO Tirupati	Office expenses, publications, supplies etc. drawn into Employees' Personal Accounts	20,53,227

20	STO Narasannapeta	Deposit amounts drawn into DDOs' Current Accounts / Employees' Personal Accounts	13,39,771
21	STO Railway Kodur	VRA remuneration & DA credited to MRO's Current Account instead of VRAs' Personal Accounts	12,62,250
22	Div. STO Narsipatnam	Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	10,71,228
23	Div. STO Gudur	Deposit amounts drawn into Employees' Personal Accounts	10,39,400
24	STO Sullurpeta	Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	8,29,054
25	STO Palakollu	Office expenses credited to Employees' Personal Accounts	7,41,783
26	STO Tiruvuru	Office expenses/materials expenses credited to Employees' Personal Accounts	6,59,922
27	Div. STO Gurazala	Election funds credited into DDO's Current Account instead of respective vendors / service providers accounts	5,86,007
28	STO Jaggayyapeta	Vendor payments transferred to Employees' Personal Accounts	4,59,902
29	DTAO Visakhapatnam	Mandatory deductions were credited into the DDO's Current Account	4,47,476
30	DTAO Chittoor	Funds credited into DDOs' Current Accounts instead of respective vendors / service providers	3,93,942
31	STO Kanigiri	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	3,19,002
32	STO Kanigiri	Amount paid to intermediate beneficiaries	2,90,326
33	STO Guntakal	Office Expenditure and Electricity Charges were credited into Employees' Personal Accounts	1,72,658
34	DTAO Vizianagaram	Office expenses pertaining to the procurement of materials, stationery etc. credited to Employees' Personal Accounts	1,69,209
35	STO Nellimarla	Electricity charges paid into Employees' Personal Accounts	1,50,000
36	STO Vinjamuru	Electricity charges paid into Employees' Personal Accounts	1,20,800
37	STO Yemmiganur	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	1,19,884
38	STO Srikalahasti	Funds routed through DDO's current account instead of vendors	1,19,580
39	STO Chodavaram	Electricity charges paid into Employees' Personal Accounts	1,07,434
40	STO Rapur	Rent credited to Employee's Personal Account instead of property owner's account	1,06,470

41	STO Tiruvuru	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	82,409
42	Div. STO Jammalamadugu	Mandatory deductions were credited to DDOs' current accounts	80,000
43	DTAO Visakhapatnam	User charges credited to Employees' Personal Accounts without sanction	74,780
44	Div. STO Jammalamadugu	Rent/Taxes transferred to Local Bodies' Current Accounts instead of Deposit Accounts	68,804
45	STO Rajupalem	Mandatory deductions were credited to the DDO's Current Account	24,447
		Total	**26,00,56,563**

10/7

Senior Accounts Officer (TIH)

https://cag.gov.in/ae/andhra-pradesh/en