

CHAPTER II

PART-II - AUDIT OF MANDAL PARISHAD ACCOUNTS

1. SCOPE OF AUDIT

- 1.1 According to Rule 4(1) of the Andhra Pradesh State Audit Rules 2000 issued vide G.O.Ms.No. 130 Fin & Plg (Fin-Admn II) Department dt. 8-9-2000, the procedure for the conduct of audit of Mandal Parishad Accounts is Post Audit, which means conducting of detailed audit locally after transactions are completed. The transactions in a financial year are audited after closure of the financial year.
- 1.2 The local audit of the vouchers should be conducted with reference to the original registers and accounts and all the items of receipts shown in the accounts should also be checked with the concerned registers and connected files.
- 1.3 Before commencement of audit of a year, the Auditor should go through the latest administrative report, the Budget of the year of audit, Audit Report of the previous year with special reference to general defects in accounts and registers and attitude to disposal of objections.

2. BUDGET

It should be seen –

- i) that the Budget has been got approved by the Zilla Parishad or by District Collector where there is no Zilla Parishad according to Provisions of Section.174 read with the Rules issued in G.O.Ms.No. 15 PR, RD, & Relief (Accts.IV) dept. dt. 10-1-95 as amended.
- ii) that the Budget has been prepared as per the instructions contained in the Rules,
- iii) that the amounts at 6%, 15%, and 15% from estimated total receipts of general funds towards: 1) welfare of S.Ts, 2) welfare of S.Cs and 3) welfare of women and children are worked out and provisions made in the Budget,
- iv) that the provision has been made for due discharge of all liabilities in respect of loans contracted by the Mandal Parishad and for all other commitments,
- v) that the working balance provided for in the Budget is not less than two and half percent of the estimated receipts of the year excluding State Grants and debit heads and endowments.
- vi) that no allotment which lapses at the end of the year is not reserved or appropriated by transfer to deposits or to any other head or drawn in order to avoid lapse of funds and disbursement after the end of year.

3. LODGING OF FUNDS (Section-171 of the Act as amended by Act No. 16 of 1998 with effect from 20-2-98)

- i) All moneys received by the Mandal Parishad shall be lodged in the nearest Government Treasury.
- ii) The amounts received as funds under the Jawahar Rozgar Yojna, Employment Assurance Scheme or other Wage Employment Schemes should be lodged in nearby Nationalized Banks or Co-operative Banks or Post Offices in such manner as may be prescribed.
- iii) All Orders or cheques against Mandal Parishad Fund should be signed by the Mandal Parishad Development Officer.
- iv) The funds of MP are lodged in three accounts
 - i) General Funds of Mandal Parishad
 - ii) Women and Child Welfare Account
 - iii) Education Account

4. Sources of Income of Mandal Parishad

The sources of income of Mandal Parishad are given below:

4.1 Assigned Revenues:

- i) Surcharge on Stamp Duty
- ii) Seigniorage Fees
- iii) Entertainment Tax

4.2 Own Sources:

- i) Market Fees collected from the Fairs if any managed by the Mandal Parishad
- ii) Income from commercial complexes of the Mandal Parishads
- iii) Income from ferries
- iv) Income from usufruct trees in the compound of the Mandal Parishad Schools, Road-wides of the Mandal Parishad Roads
- v) Income towards rent from the Staff Quarters
- vi) Unclaimed Deposits for more than three years
- vii) Income from sale of unserviceable articles

4.3 Government grants:

- i) Rs.8/- Per capita Grant (Rule-172 read with Rules issued in G.O.Ms.No. No.278 PR & RD(Mandals-1) dt.20-6-98)
- ii) Grant towards Honorarium and TA and DA to non-officials and contingent Grant.
- iii) Grant towards salary of contingent staff working in the Schools under the jurisdiction of Mandal Parishads, contingent expenditure and purchase of stationery, received from Government through District Educational Officer.
- iv) Funds for Community Development Schemes.

4.4 Others – Grants under Schemes

- i) Grants released by D.R.D.A, S.C, B.C, S.T, Corporations etc. to implement Special Schemes.
- ii) Income received for improving the institutions transferred from charitable trusts.
- iii) Levy of duty in the form of Surcharge on any Tax levied by Gram Panchayat with the prior sanction of Government (Section-161).
- iv) Levy of contributions from the funds of the Gram Panchayat in the Mandal, with the approval of Zilla Parishad (Section-161).

4.5 The important checks of the receipts are as follows.**1. Assigned Revenues****i) Surcharge on Stamp Duty**

The stamp duty of 5% collected by the Registration Dept on transfer of properties and transfer of flats/apartments under Section-69 of the APPR Act 1994 is apportioned by the Govt. quarterly in the ratio of 3:1:1 to GPs, MPs and ZPs respectively.

It should be seen that

- 1) that intimations in this regard are received quarterly from the District Registrar and that the amounts have been entered in the Miscellaneous Demand Register and got adjusted to the funds of Mandal Parishad.
- 2) That adequate action has been taken for the adjustment of the amounts, which are not adjusted in time and the balance if any, has been brought forward to the next year's MDR.

ii) Seigniorage Fees

The seigniorage fee collected on minor minerals and credited to the consolidated Fund of the State is apportioned among the Gram Panchayat, Mandal Parishad, and Zilla Parishad in the ratio of 25%, 50% and 25% respectively as ordered in G.O.Ms.No. 255 PR & RD (Pts. III) dept. Dt. 2-8-01.

It should be seen in audit that the allocation of the share of the seigniorage fees is watched through MDR and got credited to the funds of Mandal Parishad every year and the balance, if any, brought forward to the MDR of next year.

iii) Entertainment Tax

The Entertainment Tax collected in respect of entertainments held within the limits of any local authority has to be apportioned as follows:

3% to be credited to the State Government.

90% to be paid to the local authority.

7% to be expended for the purposes of promoting the cinematography, films, and art.

The share of the local authority is distributed to Gram Panchayat and Mandal Parishad in the ratio of 60:40.

It should be seen

- 1) that the adjustment of the share of the MP is watched through MDR and got credited to the funds of MP,
- 2) that the balance, if any, not adjusted brought forward to MDR of next year.

2. Own resources

i) Market Fees collected from the Markets and Fairs

a) Income from Markets:

(Section-112 of the Act read with the Rules issued with G.O.M No.628 PR, RD Relief (Pts III) dept dt.23-9-1995)

The income derived from private markets classified by Govt. is apportioned to M.P as hereunder

- | | | |
|----|--------------------------------------|--|
| 1) | In respect of markets managed by MP. | 35% of Net income
(remaining 65% to GP) |
| 2) | In respect of markets Managed by ZP. | 37.5% of the Net income
(37.5% to GP and 25% to ZP) |

It should be seen

- i) that the receipt of share of MP is watched through the miscellaneous demand register
- ii) that action is taken to address the concerned authorities if the share is not received
- iii) that arrears have been carried forward to the MDR of the next year

b) Income from fair and festivals

(Section-114 of the Act read with G.O.Ms No. 127 PR & RD Relief (Pts III) dept Dt. 1-03-96)

The income obtained from the fairs and festivals in any GP area classified by the commissioner as appertaining to GP, MP and ZP is apportioned as hereunder.

1. In the case of fairs and festivals appertaining to MP. 50% of the Net income. (50% to GP).
2. In the case of fairs and festivals appertaining to ZP. 37.5% of the Net income. (37.5% to GP and 25% to ZP).

It should be seen

- i) that the receipt of share of MP is watched through the miscellaneous demand register
- ii) that action is taken to address the concerned authorities if the share is not received
- iii) that arrears have been carried forward to the MDR of the next year

ii) Income from commercial complexes of the Mandal Parishads

The Register of immovable properties has to be verified to ascertain the details of the commercial complexes, shops owned by the MP.

It should be seen

- i) that the commercial complexes, shops etc. appearing in the Register of immovable properties are let out and the receipt of rent is watched through MDR.
- ii) That where the commercial complexes, shops are leased out by tender-cum-public auction, it is done as per the procedure laid down under the rules.
- iii) That the realization of installments of lease amount are watched through MDR.
- iv) That the amounts due at the close of the year if any are carried forward to MDR of next year and necessary action is taken for realization of the dues.

iii) Income from ferries

(Section-57 of the Act read with Rules issued with G.O.Ms No.87 PR & RD (Rules) dept dt. 13-3-2000)

- 1) The income derived from the ferries, the management of which is vested with the MP under sub-section 1(b) and sub-section (2) of Section 57 of the Act form part of the funds of the MP.

Note : The management of the Ferry vested with the MP may be entrusted to contractors through public auction duly following the procedure therefor.

- 2) The income realized from the ferries by the Joint committee, entrusted under sub-section-1 with the management of the ferries lying within the jurisdiction of more than one GP or MP or ZP and the income realized by ZP from the ferries, the management of which is entrusted to it under Sub-section-2 is apportioned between the local bodies concerned equally after closure of the year.

It should be seen

- ii) that the receipt of share of MP is watched through MDR
- iii) that action is taken to address the concerned authorities if the share is not received and
- iv) that arrears have been carried forward to the MDR of next year.

iv) Income from usufruct trees in the compound of the Mandal Parishad Schools, Road-wides of the Mandal Parishad Roads

The Register of usufruct tree/revenue yielding properties wherein the locations of the usufruct trees are entered should be verified.

It should then be seen

- i) that the sale of the produce of the usufruct trees is effected by public auction with the sanction of competent authorities duly following the procedure prescribed therefor.
- ii) That the sales are shown in the Miscellaneous Demand Register and the realization watched.
- iii) That the dues if any at the close of the year are carried forward to the MDR of next year and necessary action taken for realization of the dues.

v) Income towards rent from the Staff Quarters

The number of staff quarters under the possession of the MP should be ascertained from the Register of immovable properties.

It should be seen

- i) that the allotment of quarter has been done by the competent authority
- ii) that the quarters are let out to the employees of the MP only
- iii) that the rent is fixed as per rules
- iv) that the rent is recovered from the salaries of the employees
- v) that the recovery of the rent is watched through MDR
- vi) that the total amount as per MDR agrees with the amount in the Posting Register

vi) Unclaimed Deposits for more than three years

Deposits remaining unpaid for more than three years will be lapsed and credited to General Funds of the MP. The Security Deposits / Earnest Money Deposits paid by the contractors are forfeited for breach of conditions of contract and credited to General Funds of MP.

It should be seen

- i) that a Transfer Entry is passed transferring the lapsed deposit to General Funds with the sanction of MP
- ii) that a separate register called Lapsed Deposit Register is maintained
- iii) that refund of lapsed deposits is made with the sanction of MP
- iv) that the fact of refund of lapsed deposit is noted against the relevant entry in the Lapsed Deposit Register

vii) Income from sale of unserviceable articles

It should be seen

- i) that the Register of Unserviceable Stores and Articles showing all the unserviceable stores and articles duly authenticated is maintained
- ii) that sale of these articles is effected by the Executive Authority with the sanction of the competent authority
- iii) that the sales are conducted through public auction duly following the procedure laid down thereof
- iv) that the sale proceeds are realized promptly and that the details of receipts are entered in the Register of Miscellaneous Sales.

3. Government Grants

It should be seen

- i) that the grants are utilized for the purposes for which they are released
- ii) that the amounts are spent as per the guidelines issued in the order wherein the grant is released
- iii) that the amount is spent within the time stipulated by Government i.e. before 31st March of the succeeding year in which the grant is released except Per Capita grant which is non-lapsable
- iv) that the reasons for not utilizing the grant in full are explained in audit
- v) that the unspent amount has been refunded to the grant releasing authority
- vi) that the grant releasing has been addressed for reimbursement of the excess expenditure, if any.

Note: The auditor should make a note of the reasons for not utilizing the grant in full, not refunding the unspent grant or excess expenditure under the grant.

4. Grants under schemes

It should be seen

- i) that the grants are utilized for the purposes for which they are released,
- ii) that the guidelines issued thereunder are strictly observed ,
- iii) that the amounts are utilized within the time limit prescribed thereof,
- iv) that reasons for not utilizing the grants in full are explained in audit.
- v) that the unspent amount has been refunded to the grant releasing authority
- vi) that the grant releasing has been addressed for reimbursement of the excess expenditure, if any.

Note: The auditor should make a note of the reasons for not utilizing the grant in full, not refunding the unspent grant or not getting the excess expenditure under the grant reimbursed.

4.6 The following Registers connected with receipts have to be maintained by the Mandal Parishad.

- 1) DCB Register
- 2) Register of Grants
- 3) Miscellaneous Demand Register
- 4) Register of Revenue Yielding Properties
- 5) Collection Register
- 6) Register of Money Orders Received
- 7) Register of DDs / Cheques Received
- 8) Register of Miscellaneous Receipt Books

The important points to be looked into in the examination of the above registers are detailed in the Appendix to this Chapter.

5. Expenditure

5.1 Purpose for which Mandal Parishad Funds shall be applied (Section-171(1) of the Act read with the rules issued in G.O.Ms.No. 764 PR, RD & Relief (Mandals I) deptt. Dt. 5-11-94 as amended in G.O.Ms.No. 556 PR & RD (Rules) deptt. Dt. 3-12-99

1) Earmarking of Funds:

It should be seen –

that the Mandal Parishad has allocated in every year out of its General Funds for weaker sections and on women and children as detailed below:

Note: - The own resources, assigned revenues and Per-capita Grant constitutes general funds of Mandal Parishad.

- a) i) 15% for the welfare of scheduled castes
 - ii) 1/3 of the above 15% of the amount should be made over to the Andhra Pradesh State Scheduled Castes Co-operative Finance Corporation, Hyderabad, to be spent on the economic upliftment Programmes for the benefit of scheduled castes within the Mandal Parishad concerned
 - iii) the remaining 2/3 of the fund be utilized by the Mandal Parishad for the benefit of the scheduled castes in accordance with the guidelines prescribed by the Government
 - iv) the unspent balances at the end of the financial year if any, should be made over to the Andhra Pradesh State Scheduled Caste Co-operative Society
- b) i) 6% for the welfare of the Scheduled Tribes
 - ii) 1/3 of the above 6% of the amount should be made over to the Andhra Pradesh State Scheduled Tribes Co-operative Finance Corporation Ltd, Hyderabad, to be spent on economic upliftment Programmes for the benefit of Scheduled Tribes within the Mandal Parishad concerned
 - iii) the remaining 2/3 of the fund should be utilized by the Mandal Parishad for the benefit of the Scheduled Tribes in accordance with the guidelines prescribed by the Government
 - iv) the unspent balances at the end of the financial year, if any, should be made over to the Andhra Pradesh State Scheduled Tribes Co-operative Finance Corporation Ltd, Hyderabad
- c) i) 15% for the welfare of women and children, to be utilized for the benefit of women and children in accordance with the guidelines prescribed by the Government
 - ii) the unspent balances at the end of the financial year, if any, should be made over to the Andhra Pradesh Women Welfare Co-operative Finance Corporation Ltd, Hyderabad

2) Expenditure incidental to administration

It should be seen that –

- i) 16% towards office maintenance, establishment charges etc., is allocated as per Rule 6 of the rules
- ii) 4% for contributing to certain purposes with the sanction of Government is allocated as per Rule 7 of the rules
- iii) 9% for supply of drinking water in times of emergency is allocated

5.2 General checks of Expenditure

The purposes for which the general funds of the Mandal Parishads are to be applied have been indicated above. The following important checks have to be exercised in the course of audit of charges:

- i) that the vouchers are prepared in printed form and in accordance with the rules
- ii) that the vouchers are numbered serially
- iii) that the charge is admissible and arithmetically accurate

- iv) that details work up to the totals and the totals are entered in words as well as in figures
- v) that the mode of payment "paid by cheque" or "paid by adjustment" has been noted on the voucher
- vi) that there are no erasers and that any alterations in the total are attested by the officer concerned as many times as they are made
- vii) that the charge stands the test of propriety
- viii) that the bills have been passed by the authority empowered i.e., Mandal Parishad Development Officer

Note: 1) The MPDO should not draw any more money than is absolutely necessary and immediately required

2) The MPDO has the power to draw an advance upto the limit of Rs.2000. at a time immediately required for the purchase of the livestock, equipment, stores materials, and he should adjust the advance within fifteen days. The MPDO has also the power to make advance payments up to Rs.5000 to the Medical Stores depot, Hyderabad for the indents placed on it.

ix) that the items of expenditure are covered by the Budget provision or by reappropriation from another head as the case may be, and a certificate to that effect is furnished on the voucher

x) that the totals of the amounts in vouchers are noted in figures as well as in words

xi) that the cheques drawn in favour of MPDO himself for disbursement of salaries and allowances to the staff and authorized advances in cash, the sums are noted in the Petty Cash Book

xii) that separate acknowledgements (stamped where necessary) have been taken (where disbursements are in the Mandal Parishad Office) in the last column of the bills and in other cases in the acquittance register from each officer or any servant to whom any salary or allowance is paid

xiii) that where any item of expenditure requires the sanction of any authority higher than the officer or servant drawing the bill, such sanction has been obtained, quoted on the bill and a copy of the order has been enclosed to the voucher

xiv) that a sanction for any fresh expenditure has been acted upon within one year or on specific renewal beyond one year

Note: The sanction does not lapse if not acted upon within one year in certain cases as specified in sub-rules 4 & 5 of Rule 20 of the rules.

xv) that a bill presented after six months and also after more than one year from the date on which the claim became due has not been admitted without the orders of the President of the Mandal Parishad

Note: The above restriction does not apply to the claims of officers and servants of the Mandal Parishad in respect of payment of arrears of pay and allowances which are governed by separate rules
(Rule-21 of the Rules)

xvi) that stamped acknowledgements wherever necessary are available in support of payments.

xvii) that acknowledgements by marks/thumb impressions are duly attested by witnesses

xviii) that payments to contractors and suppliers are made only by cheques drawn on the government treasury except for the incurring of petty contingent expenditure from the permanent advance

xix) that loss by theft or otherwise of other property, the value of which is more than rupees fifty, has been reported to the audit, and further action taken.

5.3 Establishment -General

- a) All appointments to the posts created under sub-section-1 of Section-169 of the Act are subject to the provisions of the APPE (Regulation of Age of Superannuation) Act 1984, the AP (Regulation of Appointments to Public Services and Rationalisation of staff pattern and pay structure) Act 1994 and such rules as may be made under the proviso to Act-309 of the Constitution of India.
- b) The salaries, allowances, leave allowances, pension and contributions, if any, towards Provident Fund or Pension-cum-Provident Fund of the officers and other employees of a Mandal Parishad who hold any of the posts referred to sub-section (1) are paid from the consolidated Fund of the State of AP.
- c) The Fundamental Rules, the APTA Rules, the AP Leave Rules 1933 for the time being in force, govern the members of the service of the Mandal Parishad in regard to their pay, allowance, leave and leave salary.

5.4 The audit checks of the following establishment vouchers are detailed in Appendix I to Chapter I

- 1) Establishment vouchers,
- 2) Travelling Allowance Bills of MPDO and other employees,
- 3) Leave Travel Concessions Bills,
- 4) Surrender of Earned Leave Bills,
- 5) Education Fee Reimbursement bills.
- 6) Medical Reimbursement Bills,
- 7) Loans and Advances to Officers and Employees.

5.5 Allowances for Meeting of the Mandal Parishad

(Section-170 of the Act read with Rules issued in G.O.Ms.No. 597 PR, RD & Relief (Mdl-II) dept. dt.16-8-95)

The members of Mandal Parishads including its President, Vice-President and the members of Legislative Assembly and of either House of Parliament shall be allowed Travelling Allowances and Daily Allowance for attending the General body meeting of Mandal Parishad in accordance with the provisions of the Rules relating to the Travelling Allowances, Daily Allowances and Attendance Allowances of the Members of Mandal Parishads including its president, Vice-President and Members of Legislative Assembly and of either House of Parliament vide G.O.Ms.No. 597 PR, RD & Relief (Mdl-II) dept. dt. 16-8-95.

It should be seen –

- 1) that a Register of TA Bills is maintained separately with all the details entered therein
 - 2) that the President is paid the allowances as per the said rules in respect of his tours on duty within or outside the Mandal but within the District
 - 3) that the Traveling Allowance bills of the above-said non-official members are checked with the attendance registers maintained in the Mandal Parishad and particulars of voucher number noted by the auditor under his initial to guard against a second claim
 - 4) that the claim is preferred within six months from the last day of the meeting
- Note :** Govt. have clarified that the non-official members of Zilla Parishad and Mandal Parishad shall be paid TA and DA for attending the meetings of Z.P or its standing committees and general body meetings of Mandal Parishad as per the procedure laid down in Rule 13(a) part III of AP TA Rules

(G.O.Ms.No. 376 PR & RD (Mdl-II-A) dept. dt.14-12-2004)

5.6 Payment of Allowances to the persons invited to attend the Meeting of Mandal Parishad (Section-159)

The President of Mandal Parishad may for purposes of consultation, invite any person other than an office bearer of any political party having experience and specialized knowledge of any subject under the consideration of Mandal Parishad to attend the meeting of the Mandal Parishad to speak and take part in the proceedings of the meeting, and they are entitled to the allowances prescribed in the Rules vide G.O.Ms.No. 161 PR, RD & Relief (Mdl-II) deptt. dt.18-3-95.

It should be seen –

- i) that if the person invited and participated in the meeting happened to be a Government servant, he should be paid allowances at the rates he is entitled to under the APTA Rules and the expenditure in this regard is met from the Head of Account from which he draws his pay and allowances

ii) that the persons other than Government servants are paid only an allowance of **Rs.75/-** per day for attending meeting and are not paid D.A on the days of the meeting

iii) that the claims under these rules are preferred within six months from the date of completion of the return journey

Note : The Chief Executive Officer of the Zilla Parishad may at his discretion condone the delay in preferring the claim.

5.7 The following **Registers connected with establishment matters have to maintained by the Mandal Parishad.**

1. Establishment Audit Register
2. Register of Increments
3. Register of Service Registers
4. Service Registers
5. Registers of Probationers
6. Registers of Securities
7. Register of TA Bills of Officers and Employees
8. Register of Temporary Advances Recoverable
9. Register of TA Bills of Non-Officials

The important points to be looked into in the course of examination of the above registers are detailed in the Appendix to this Chapter.

6. Contingent Audit

6.1 General nature of Contingent Audit:

The responsibility of the effective control of expenditure rests primarily with the heads of offices and departments. Audit merely examines the fulfillment of that responsibility by its audit of such expenditure, the extent of which varies greatly with the different classes of contingent charges. The main checks that should be exercised in the audit of contingent expenditure are as under

- i) that it is a proper charge and is covered by budget allotment
- ii) that it has been incurred by the competent authority
- iii) that there are no items of expenditure which are positively objectionable or doubtful propriety and that reasonable explanation is forthcoming for extravagant rates, prices or amounts in respect of charges otherwise unobjectionable in character.
- iv) that in the case of payments to suppliers for articles such as medicines, stationery, furniture etc, payees' receipts stamped wherever necessary are attached to the bills and the actual receipt of the articles paid for and their entry in the respective stock accounts have been certified to by the drawing officer.
- v) that the connected bills and sub-vouchers are in proper form and that they are paid and cancelled to avoid double payment.
- vi) a) that competitive tenders have been invited for supply of the articles required for the whole year and for which tenders are required to be obtained under the rules.
b) that an agreement wherever has been obtained from the supplier for the due fulfillment of the contract
- vii) that the flow of expenditure is not too rapid
- viii) that if the expenditure in the month of march is unusually large it does not lead to wasteful or unnecessary expenditure or other irregularities
- ix) that charges for which scales have been laid down are passed in accordance with the scales
- x) that the bills have been countersigned by the competent authority wherever necessary
- xi) that in the case of recurring charges such as house rent, rates, taxes, etc., necessary sanction is forthcoming
- xii) that the totals of various sub-vouchers attached to a bill agree with the total of the bill paid for.

Note : The articles should as far as possible be purchased from Jail dept, AP small scale Industries etc. and if the articles are not either available in the above organizations or the rates are in excess of the market rates, tenders may be called for.

6.2 Tender Procedure for Purchase of Stores

Tender system as per Article 125 of AP Financial Code Vol I is as follows

Single Tender System:

To be adopted in regard to purchases of a small order which does not exceed Rs.1000/- and Rs.2000/- if more than one kind of article is ordered at one time and propriety items.

Limited Tender System:

Should be adopted when the limits for the Single Tender System are exceeded and the estimated value of the order is less than Rs.5000/-

Open Tender System:

Should be followed in regard to purchase of stores of a value of Rs.5000/- and more. When open tenders are called for, circular communication should be sent to dealers of repute apart from wide publicity in Newspapers, trade bulletins etc. A time gap of at least one month should be given between the date of notification of the tender and the date of submission of tenders.

It should be seen

- i) that comparative statement of the rates as per tenders has been prepared and got approved by the Mandal Parishad,
- ii) that the lowest tender is accepted,
- iii) that where lowest tender is not accepted, the reasons therefore are recorded,
- iv) that the rates quoted in excess of the market rates are not accepted under any circumstances,
- v) that payments are made through cheques only to the contactors/ suppliers
- vi) that Value Added Tax at 4% is deducted in the bills/ invoices,
- vii) that the stocks and stores are periodically verified by the MPDO and the balance thereto certified

6.3 Audit checks of the items of Contingent expenditure**a) Liveries to Class IV Employees and Drivers**

It should be seen

- i) that only two sets are provided in every year
- ii) that cash is not paid towards liveries
- iii) that the quantity of cloth required is correctly worked out and the cloth purchased without giving scope for wastage and misuse
- iv) that the liveries have been actually got stitched and that the vouchers for stitching charges is produced to audit and checked
- v) that liveries have been taken to stock register and distributed to class IV Employees and the Drivers and their signatures obtained against their names in the stock register itself and the above transactions are authenticated by the competent authority.

Note: i) The liveries should be purchased from Khadi Bandars, APCO/ Cooptex (G.O. Ms No.1599 PR dept dt. 04-11-2003)

- ii) **Stitching uniform should be entrusted to physically handicapped coop tailoring industries.**

b) Expenditure on vehicles**1) Propulsion charges and maintenance of the Mandal Parishad vehicles**

- i) that the ceiling of **160 litres of** petrol and diesel per month has not been exceeded
- ii) that the log Book is properly maintained duly recording the journeys performed
- iii) that the Petrol/ Diesel, spares purchased are entered in the log Book
- iv) that the monthly abstracts are struck at the end of every month duly working out mileage per litre of petrol/ diesel and that the vehicle is fuel efficient
- v) that the unserviceable spares are entered in the log Book and also in the Register of unserviceable articles.

2) Expenditure on hired vehicle

It should be seen

- i) that the expenditure on hired vehicle should not exceed Rs.**433/-** per day
- ii) that the log Book of the vehicle is written up and the tour programme is enclosed
- iii) that the rent is paid to the owner of the vehicle

Note: The expenditure toward hire charges of vehicle should not exceed Rs.**4330/- per month**

(G.O Ms No. 1599 Panchayat Raj dt 04-11-2003)

c) Stationery:

It should be seen

- i) that the requirement for the year has been worked out
- ii) whether steps have been taken to purchase the stationery from **Jails Dept, AP Small scale Industries Development Corporation, Khadi Village Industries Corporation**, Women organizations, Sale counters under coop dept.
- iii) that where purchases are made by calling tenders, the tender procedure has been followed, comparative statement is prepared and approved by the Mandal Parishad and agreement entered into
- iv) that the supplies received have been entered in the Register of stationery articles, and utilization particulars entered with details of date of issue, the employee to whom issued, the quantity issued and the acknowledgement in token of receipt.

v) that annual verification of the stocks is done by the competent authority and the balance of stock certified by him

d) Legal charges:

The rules relating to legal work and payment of legal charges are laid down in the AP Panchayat Raj (Entrustment of legal work by GPs/MPs/ZPs) Rules 2000 issued with G.O Ms No. 189 Panchayat Raj & Rural Development (Rules) dt. 6-6-2000.

It should be seen

- i) that suit Register is maintained in the prescribed form properly
- ii) that counters have been filed promptly
- iii) that appeals have been filed in higher courts against the Judgments of lower courts unfavorable to the MP, after taking the opinion of the Govt. Pleaders whether there is scope for appeal
- iv) that the legal work is not taken up by the MP and the legal charges are not paid from the funds of MP in cases of appeals against surcharge certificate issued by the auditor on President, Vice-President and members of MP or any employee thereof, if they are surchargees themselves.

e) Books and Forms:

It should be seen that

- i) that the books and forms are purchased compulsorily from AP State Trading Corporation or Women centers, Government Training and Production centers, Khadi Board.
(GOMS No.30 PR&RD(Pts-I) dept dt 22-1-99)
- ii) that the stocks received are entered in the stock registers with details of Bill No., Date, Quantity, and Voucher No. and date.

f) Election Expenses:

According to Section-173 of the AP Panchayat Raj Act 1994, the cost of the election expenses including the conduct of elections to the Mandal Parishad and the cost of maintenance of election establishment employed in connection therewith have to be borne by the Government.

g) Office Rent:

1) The authorities for the amounts noted against each are competent to accord financial sanction of rents for private buildings occupied by Mandal Parishads and other Panchayat Raj institutions of the Mandal Parishads, subject to condition that a certificate of reasonableness of rent is obtained from the authorities competent as detailed hereunder.

TABLE - I

Authorities competent to sanction rent	Amount upto which rent can be sanctioned
1) Mandal Parishad Development officer	Upto and inclusive of Rs.500/- per month
2) Mandal Parishad	Exceeding Rs.500/- per month but not exceeding Rs.1000/- per month
3) District Collector	Exceeding Rs.1000/- per month but not exceeding Rs.1500/- per month
4) Commissioner of Panchayat Raj	Exceeding Rs.1500/- per month but not exceeding Rs.2000/- per month

TABLE - II

Authorities competent to issue rental valuation certificate	Amount upto which rent can be sanctioned
1) Assistant Executive Engineer, Mandal Parishad	Upto and inclusive of Rs.500/- per month
2) Deputy Executive Engineer	Exceeding Rs.500/- per month but not exceeding Rs.1000/- per month
3) Executive Engineer Panchayat Raj	1) Exceeding Rs.1000/- per month but not exceeding Rs.2000/- per month 2) For rent exceeding Rs.2000/- per month after approval of data by superintending Engineer, Panchayat Raj

(G.O. Ms No. 444 Panchayat, Rural Development and Relief (Programmes- III) dept dt. 18-7-94 as amended in G.O Ms No. 395 Panchayat, Rural Development and Relief (Programmes- III) dept dt 22-09-98)

2) it should be seen in audit that the Rent valuation certificate is issued in accordance with the orders by Govt.

h) Telephone Charges:

It should be seen

- i) that the payment is made for a maximum of 1000 calls including local calls per month
- ii) that in case the calls exceeded the ceiling it is resolved in the Mandal Parishad to pay the same and proposal sent to Govt. along with a copy of the Resolution for approval and approval of the Govt. obtained.
(G.O. Ms No. 583 GA (OP=II) dept dt 26-10-88)
- iii) that a Register of Telephone calls is maintained wherein details of the names of persons who made calls, the telephone numbers to which calls made, nature of call whether official call or personal call are recorded.
- iv) that the charges of personal calls are recovered from the persons who made the calls and credited to the funds of Mandal Parishad and that the credits in cash book are verified.

i) Repairs to Furniture and Black Boards:

It should be seen

- i) that expenditure is incurred on this account from MP Funds only after ensuring that Funds under Education contingencies are not available with the MPDO.
- ii) that the work has been recorded by the Mandal Parishad Engineering officer in the M.Book.

j) Furniture: Government has relaxed the prohibition imposed on purchase of furniture and the Mandal Parishads can purchase furniture worth upto Rs.25000/- with the permission of collector

It should be seen that

- i) that the purchase of furniture is made as per the procedure laid down
- ii) that the furniture purchased is entered in the tools and plan register.

k) Advertisements:

It should be seen

- i) that the tenders called for with regard to purchase of stores, works, leases and auctions and notices to be issued to employees in rare cases, if it could not be served on the employees personally, are only published in Newspapers.
- ii) that the developmental activities of the Mandal Parishad are not published.
- iii) that the MPDO is held responsible, if the developmental activities are published in the Newspapers.

l) Cell phone Expenditure:

The call charges of the cell phone of MPDO upto a limit of Rs. 625/- may be met from the General Funds of the Mandal Parishad.

It should be seen that the call charges in excess of the limit are met by the holders of the cell phones.

m) Postage stamps

It should be seen in audit

- i) that the stamps for postage purchased is entered in the Register of stamps under authentication
- ii) that the issue of stamps for postage are fully supported by corresponding entries in dispatch register
- iii) that the balance is struck in the register and verified at the end of every month by MPDO or the person authorized therefore

n) Periodical Charges

The institutions incur expenditure towards periodical recurring charges like rent, water charges, electricity charges, tax, etc.,

It should be seen

- i) that a separate register on the lines of establishment audit register is maintained
- ii) that separate folios are opened for different items
- iii) that the payments are entered in the relevant months with voucher and date to watch regular payment and avoid double payment
- iv) that the expenditure under these items are entered in the contingent register to watch against budget provision
- v) that the payments are made on proper demand and proper receipts are obtained in support of payments, which are produced and verified in the audit
- vi) that penalties if any paid towards reconnection charges for delay in payment of electricity charges are avoidable expenditure and loss to the institution and that such payments are pointed out in the audit report to make good the loss to the funds of MP.

o) Contributions

The Mandal Parishad Fund may be applied to the extent of 4% of the Fund for contributing to the following funds and expenses with the sanction of Government:

- a) Contributions to the Funds of Gram Panchayat or Zilla Parishad
- b) Contributions towards the expenses of any Public Exhibition, ceremony or entertainment in the area within or outside its jurisdiction
- c) Contributions to any charitable Fund or to the funds of an institution for the relief of the poor or treatment of diseased or infirm persons or the investigation of the causes of diseases
- d) Incurring of any other extraordinary charges of similar nature

It should be seen –

- i) that the contribution is paid through cheques written in the name of the institution or organisation
- ii) that proper receipt is obtained from the payee and placed in the file
- iii) that a record of these contributions is kept in Register of contributions under proper authentication
- iv) that the details about the utilization of the contributions is obtained to ensure that the amounts are utilized properly for the purpose it is sanctioned by the Government

p) Acquisition of land for all or any purposes of the Act

(Section 268(2)(XI) and Rules issued in G.O.Ms.No. 215 PR&RD (Pts.III) deptt. dt.25-6-01 read with G.O.Ms.No. 323 PR&RD (Pt.III) deptt. dt.29-10-2001)

It should be seen –

- i) that the property to be acquired is to be used for a purpose which has a bearing on public health or sanitation, and that the approval of District Medical and Health Officer is obtained,
- ii) that the property to be acquired is intended for educational purpose or hospitals and dispensaries, and that if the value of the property exceeds Rs.10,000/-, the approval of the DEO or DMHO as the case may be is obtained,
- iii) that the approval of the CEO, ZP, regarding suitability of the property for the purpose it is intended is obtained in case where the estimated property cost exceeds Rs.25,000/-, and that approval of District Collector is obtained if there is any difference of opinion,
- iv) that the property is acquired under the Land Acquisition Act 1894 or with the previous approval of the District Collector,
- v) that in the case of buildings, a valuation and a certificate regarding structural stability are obtained from Executive Engineer (PR) and that specific approval of the District Collector is obtained if the amount is to be paid in excess of such valuation,
- vi) that an encumbrance certificate is obtained from the Sub-Registrar concerned where the consideration of the property is Rs.1000/- and above,
- vii) that necessary documents of ownership in the forms specified are obtained for the property acquired.

6.4 The following Registers connected with contingencies have to be maintained by the Mandal Parishad.

- 1) Register of Contingent Expenditure
- 2) Stock Account of Forms and Registers
- 3) Registers of Immovable Properties
- 4) Register of Movable
- 5) Register of Roads
- 6) Register of Land
- 7) Register of Permanent Advance Recoupment
- 8) Acquittance Register
- 9) Petty Cash Book

- 10) Register of Stationery Articles
- 11) Register of Postage
- 12) Register of Telephone Calls / Cell Phones
- 13) Grants Appropriation Register
- 14) Register Of Suits
- 15) Log Book

The important points to be looked into in the examination of the above registers are detailed in the Appendix to this Chapter.

7. Audit of Work Bills

7.1 General

The works are executed in PR institutions from two sources:

- i) works executed from the funds received with Government schemes,
- ii) works executed from the General Funds of the Mandal Parishads. (35%)

i) The works from the funds received with Government schemes viz: Swarna Jayanthi Gram Swarajgar Yojana, Sampurna Grameena Rozgar yojana, National Rural Employment Guarantee Scheme have to be executed by the Mandal Parishad according to the guidelines contained therein, and adhering to the technical opinion of the officer concerned. The quality standards and general conditions in Public Works apply to these works.

Note: The minor irrigation sources under PR have been transferred to Irrigation Department in GOMS No.216 PR&RD dt: 13-6-2005.

ii) The works from the General Funds of the Mandal Parishads have to be executed in accordance with the procedure and guidelines issued in G.O.Ms.No. 589 PR dt.29-9-89 and G.O.Ms.No. 195 PR dt.10-5-99 besides observing the general principles prescribed in Public Works Department Code.

7.2 Identification of works and preparation of Estimates

The people's representatives identify the works and decide the priorities. The Engineering officers prepare estimates for such works on priority basis indicated, on the basis of the following:

- a) AP Detailed Standard Specifications
- b) Standard data
- c) Standard Schedule of Rates
- d) Conditions stipulated in the Administrative Sanction

7.3 Administrative Sanction

- i) The administrative sanction is **accorded for the works** by the following authorities for the values noted against each:

Mandal Parishad	: Upto Rs.3-00 lakhs
Zilla Parishad Standing Committee	: Upto Rs.5-00 lakhs
Zilla Parishad	: Upto Rs.10-00 lakhs
Government	: Above Rs.10-00 lakhs

(As per G.O.Ms.No. 24 PR&RD dt. 12-1-96
and G.O.Ms.No. 311 PR&RD dt. 29-9-2003)

- ii) **Estimate with administrative sanction is sent for technical sanction with a checklist with details of investigation report, Foundation level, details of land acquisition, approval of Forest Deptt., and if deviation is in excess of 10% of the Estimate, administrative sanction is obtained again before sending for technical sanction.**

7.4 Technical Sanction

The authorities competent to accord technical sanction are as mentioned below:

SI No.	Authority competent	Value of work
1.	Asst.Engineer/Asst.Executive Engineer	Upto Rs.25,000/-
2.	Deputy Executive Engineer	Upto Rs.2,00,000/-
3.	Executive Engineer	Above Rs.2,00,000/- and upto Rs.10,00,000/-
4.	Superintending Engineer	Above Rs.10,00,000/- and upto Rs.50,00,000/-
5.	Chief Engineer	Above Rs.50,00,000/-

(G.O.Ms.No. 94 PR&RD dt.8-3-99)

7.5 Execution of works –Entrustment to agencies

After technical sanction is accorded, the work is entrusted for execution to one of the following agencies:

- a) Gram Panchayat
All works of construction of buildings, roads, bridges or any other development works except **Minor Irrigation Works**, which are sanctioned on contribution of more than 35 percent of the estimated cost by Mandal Parishad, Zilla Parishad, or Government, may be entrusted to a local Gram Panchayat if the Gram Panchayat itself undertakes the responsibility of collecting the specified contribution and executes the work by itself and the Gram Panchayat shall not nominate any other person as its nominee for undertaking the work on its behalf.
- b) Sponsors
Sponsor means agencies like a school building committee, village development committee, a group of ayacutdars or groups of beneficiaries who come forward to take up the works for the benefit of the community. The above said works may be entrusted to sponsors, when a local Gram Panchayat does not fulfill the following conditions:
 - i) They have to undertake the responsibility of collecting and paying the people's share (in full) before commencement of the work.
 - ii) The sponsors are prepared to undertake the work and agree to utilize the profits, if any, for the benefit of the village.
 - iii) They should not give the work to any nominee.
 - iv) That such work shall be started within fifteen days from the date of entrustment of the same; otherwise, the Executive Engineer or the MDO may get the work executed through other agencies.
- c) Departmental execution
In exceptional cases, where departmental execution is considered desirable in the interest of work either on account of its urgency or of special nature, the authority to call for tenders to the work may order for taking up the departmental execution of the work with the approval of the next higher technical authority. The works, the estimated value of which is **Rs.5000/- or less may also be entrusted on nomination basis**.
- d) Contractors, by calling for tenders
The said works and other works if any, which are not accepted by the Gram Panchayat or sponsors for execution and those works which could not be executed departmentally, have to be entrusted to contractors, who may execute by piece work agreement for works costing upto Rs.20,000/- or by an agreement based on the lumpsum tender system for all the works irrespective of the estimated cost.

7.6 Calling of Tenders

- a) Tenders should be called for in respect of every work, the estimated value of which exceeds Rs.5000/-.
Note:1 The tender procedures laid down in Andhra Pradesh Detailed Standard Specifications have to be followed.
Note:2 It is ordered in G.O.Ms.No. 37 PR&RD dt.18-3-2005, the works upto the estimate value of Rs.5,00,000/- may be entrusted on nomination basis to the works committee/self help groups at the village level and nominee of the committee or group leader enter into agreement with the executing agency with the guidelines issued therein.
Note: Where tenders are not called for or dispensed with, the work shall be got done through panchayat or contractor selected from the register of contractors, at estimated rates.
- b) No advance should be sanctioned to the contractor
- c) The authority which accords technical sanction is the authority competent to approve tender notice
- d) The contractor who belongs to eligible class is willing to purchase tender schedule, he may be issued tender schedules without payment of EMD but 1%EMD has to be collected at the time of submission of tender and the balance of EMD 2.5% has to be collected at the time of entering into agreement
- e) (i) Single cover system has to be followed for the works of the estimated value of Rs.10.00 lakhs and less
(ii) The work, the estimate value of which is more than **Rs.10-00 lakhs, has to be entrusted to a contractor who has the record of having completed 90% of the work entrusted** to him during the previous five years.
(iii) Tender schedules may be issued till the day before the date of submission of tenders.
(iv) Tenders received after the stipulated time and day should not be accepted.
(v) The tenders should be submitted in two sealed covers, one cover (sealed cover-A) containing the technical bid i.e. experience and eligibility of the contractor and the second cover-B (containing financial bid). Cover-B of an ineligible tenderer should not be opened.

f) The following are the authorities who are competent to approve the tenders

S.no	Estimate value	Competent Authority	Remarks
1	Rs.2 lacs	Dy. E.E.	Upto 5% excess over the estimate rates
2	Rs.2-10 lacs	E.E.	Upto 5% excess over the estimate rates
3	Rs.10-50 lacs	S.E.	Upto 5% excess over the estimate rates
4	Rs.50 lacs to 1 crore	C.E.	Upto 5% excess over the estimate rates
5	1 crore and above	Tender committee	Upto 5% excess over the estimate rates

- g) The Mandal Parishad has to approve the tenders only after the above technical authorities have recommended.
- h) There is no scope for negotiations with the contractors at any stage.
- i) There should be a time gap of 14 days between the date of publication of tender and acceptance of tenders and 7 days in the case of second and third calls.

7.7 Expenditure on Works

The audit of works expenditure consists of :

- a) the check of estimates,
- b) an examination of tender files,
- c) verification of sanctions to estimates and of selection of contractors, and
- d) check of bills with the measurement books, agreements, metal statement and contractor's ledger.

The audit checks of the above are detailed in Appendix II to the Chapter – I of this manual.

7.8 The following Registers connected with Works have to be maintained by the Mandal Parishad

1. Register of Measurement Books (Stock)
2. Register of Works
3. Register of Tenders

The important points to be looked into in the course of examination of the above registers are detailed in the Appendix to this Chapter.