

CHAPTER III

AUDIT OF TRANSACTIONS

PANCHAYAT RAJ & RURAL DEVELOPMENT DEPARTMENT

3.1 PANCHAYAT RAJ INSTITUTIONS

3.1.1 Violation of Government of India instructions and submission of false Utilisation Certificates

CEO, ZPP, Ongole and DFO, Ongole parked SGRY funds in bank accounts in violation of GoI instructions. DFO, Ongole also submitted false UCs for the funds allocated for implementation of SGRY.

CAG has been highlighting in his Reports on the Government of Andhra Pradesh (GoAP), cases of non-utilisation of Centrally Sponsored Schemes (CSS) funds meant for implementation of various developmental programmes in the State and parking of funds in fixed deposits instead. The State Government however, failed to institute any mechanism to ensure that funds meant for a specific purpose are utilised for that purpose.

Audit scrutiny (June 2010) of records of ZPP Ongole for the year 2009-10 revealed that the Divisional Forest Officer (DFO), Social Forestry Division, Ongole, received (2006-09) ₹ 36.89 lakh for implementation of Sampoorna Grameen Rozgar Yojana (SGRY) but failed to utilise the funds for the purpose. He, however, showed utilisation of ₹ 35 lakh on the scheme and surrendered (January 2010) the remaining ₹ 1.89 lakh to the ZPP. The Chief Executive Officer (CEO), ZPP also failed to transfer the amount of ₹ 1.89 lakh to NREGS account. While the GoI guidelines stipulate transfer of unutilised funds under SGRY to NREGS by June 2006, the DFO, parked the unutilised amount of ₹ 35 lakh in bank accounts as of 31 March 2010, in violation of the GoI instructions, and submitted false utilisation certificates (UCs) for the amount. Similarly, CEO, ZPP also retained ₹ 11.09 lakh pertaining to SGRY in bank accounts.

The CEO, ZPP, Ongole failed in discharging his responsibilities, as discussed below:

- Funds were released in advance to the DFO without assessing the requirement, which facilitated the latter to park them in fixed deposits.
- After release of funds, utilisation was not monitored closely. As a result, the DFO could furnish incorrect UC indicating the amounts parked in FDs as expenditure.

- Although the CEO, ZPP was to monitor the compliance of all the divisional officers with the GoI guidelines, he himself failed to comply with the guidelines of the GoI and set a poor example.
- Further, though the State Government is empowered to make arrangements on its behalf to inspect the accounts of ZPP, inspection of ZPPs has been pending for many years, which encouraged the local authorities to violate GoI instructions with impunity.

The matter was reported to the Government in February 2011. Reply is awaited (September 2011).

3.1.2 Diversion of House Building Advance recoveries in violation of State Government orders

CEO, ZPP, Nizamabad retained the recoveries on account of repayment of house building advances from the staff of PRIs and diverted it towards payment of fresh loans, instead of remitting the amount to the Government.

Deficiencies in operation of House Building Advance accounts by ZPPs are being brought out every year by the CAG in his Audit Reports on the GoAP. Despite this, the State Government has not evolved any system to plug the loopholes in this regard, as discussed below.

Scrutiny (May 2010) of records of ZPP, Nizamabad revealed that the GoAP released (1989-2004) an amount of ₹ 1.25 crore to the ZPP as a loan to facilitate the latter in making payment of HBA to the staff of PRIs. The loan was repayable in 10 equal annual installments with a moratorium of two years. It was however, observed that,

- Instead of remitting the installment of loan amounts annually with effect from 1991, the CEO, ZPP remitted the installments only seven times¹ during the last 19 years. As against the due amount of ₹ 1.08 crore and interest amount of ₹ 1.86 crore (worked out in Audit) as of March 2010, the CEO remitted only an amount of ₹ 69.27 lakh towards principal to the end of August 2010 to the Government account. No amount was remitted on account of interest so far.
- Against the total loan of ₹ 1.25 crore granted by the Government, the ZPP released (1989 to August 2010) an amount of ₹ 1.92 crore towards HBA to the staff. The excess amount of ₹ 67 lakh was diverted from HBA recoveries without fulfilling the obligation of remitting the dues to the Government.

On this being pointed out, the CEO replied (August 2010) that the office was not aware of the obligation of making payments towards interest to the Government. The reply of the CEO is not acceptable, since the Government Order (GO) sanctioning the

¹ 1992-93, 1993-94, 1996-97, 1998-99, 2001-02, 2002-03, 2004-05.

loan was clear about the need for making recoveries on account of both principal and interest and remitting the total amount to Government account.

The GO (1989) further stipulated that there should be quarterly meetings at the Commissioner/PR level to watch the periodical remittance of HBA loan dues by the PRIs. Thus the failure of the Commissioner to monitor the repayments periodically resulted in accumulation of dues to the extent of ₹ 38.73 lakh² plus interest besides diversion of recoveries by CEO, ZPP, Nizamabad.

The matter was reported to the Government in February 2011. Reply is awaited (September 2011).

3.1.3 Non transfer of earmarked funds by PRIs to various Corporations

CEOs of ZPP Khammam and Nalgonda and 13 MPDOs failed to transfer/utilise funds amounting to ₹ 2.90 crore earmarked for the welfare of SC/ST and Women and Children, to the concerned Finance Corporations.

In conformity with the provisions³ of Andhra Pradesh Panchayat Raj Act, 1994, the State Government issued orders (December 1999) that Zilla Praja Parishad (ZPP) / Mandal Praja Parishad (MPP) shall earmark 15 per cent, 6 per cent and 15 per cent of the General funds to be spent on schemes beneficial to the SC, ST and Women and Child Welfare respectively. Out of the amounts so earmarked in respect of SC/ST, *one-third* of the amount shall be transferred to the SC/ST Finance Corporations and *two-thirds* of the earmarked funds were to be spent by the ZPP/MPP and unspent balances if any at the end of the year shall be transferred to the SC/ST Finance Corporation. Similarly, funds earmarked towards Women and Child Welfare was to be spent by the ZPP/MPP and unspent balances if any at the end of the year shall be transferred to the Andhra Pradesh Women and Child Welfare Finance Corporation Limited (APWCWFCL).

Deficiencies in transfer and utilisation of earmarked funds by PRIs towards the welfare of SC/ST communities and Women and Child welfare allocated from their general funds are being pointed out in CAG's Audit Reports on the GoAP year after year.

However, the State Government has not viewed the issue seriously as was observed during a scrutiny of the records of two test checked ZPPs (Khammam and Nalgonda) and 13 MPPs⁴ during the year 2009-10. Audit observations are as detailed below.

² Principal of ₹ 1.08 crore (March 2010) *minus* ₹ 69.27 lakh remitted to the Government.

³ Sub-section(1) of Section 197 and sub-section (1) of Section 268 of Andhra Pradesh Panchayat Raj Act, 1994.

⁴ MPP Kulkacharla, Peddemula, Atmakur, Buttaigudem, Narmetta, Geesugonda, Mallial, Wanaparthi, Narva, K.Gangavaram, Chennekothapalli, Nathavaram and Kotauratla.

SC/ST Welfare

- In five⁵ MPPs, funds amounting to ₹ 14.98 lakh, being *one-third* portion of earmarked funds for the welfare of SC and ST communities had not been transferred to the respective Finance Corporations.
- In ZPP Nalgonda and five⁶ MPPs, there was failure to utilise funds amounting to ₹ 45.48 lakh being the unspent balances of *two-third* portion. Further, there was also a failure to transfer these unspent balances to the Finance Corporations concerned.

Women and Child Welfare

- In ZPP Nalgonda and seven⁷ MPPs, funds amounting to ₹ 1.60 crore were neither utilised nor transferred to the APWCWFCL.

Other deficiencies

- In MPP Buttayagudem, West Godavari district, funds amounting to ₹ 2.67 lakh were not earmarked (2006-09) for the welfare of SC, ST and Women and child welfare communities. In two MPPs⁸ funds amounting to ₹ 9.16 lakh were not earmarked for Women and child welfare and in respect of MPP Nathavaram and Kotauratla of Visakhapatnam district details sought (May/June 2010) were not furnished.
- In ZPP, Khammam, sand auction proceeds, though form part of general funds were kept separately without crediting to general fund resulting in short allocation (2005-09) of earmarked funds amounting to ₹ 57.50 lakh⁹.

The CEO, ZPP Khammam and all the MPDOs stated (July 2009 to June 2010) that the unspent balances would be transferred to the respective Finance Corporations. The CEO, ZPP Nalgonda replied (October 2009) that unspent balances of earmarked funds would be utilised in subsequent years as per the action plan approved by ZPP general body and standing committee. The reply is not acceptable in view of the orders issued by Government and any deviation in that regard is required to be brought to the notice of the Government.

Thus, in all, earmarked funds aggregating ₹ 2.90 crore either remained unutilised or were not transferred to the respective Corporations or not earmarked for the welfare of SC, ST and Women and child welfare communities depriving the targeted communities of the intended socio economic benefits.

The matter was referred to the Government in March 2011. Reply is awaited (September 2011).

⁵ MPP Kulkacharla, Peddemula, Wanaparthi, Narva and Chennethapalli.

⁶ MPP Kulkacharla, Peddemula, Wanaparthi, Narva and K.Gangavaram.

⁷ MPP Peddemula, Atmakur, Narmetta, Geesugonda, Wanaparthi, Narva and K.Gangavaram.

⁸ MPP Mallial of Karimnagar District (2004-09) ₹ 4.90 lakh, MPP Kulkacharla of RR District (2001-08) ₹ 4.26 lakh.

⁹ SC Category ₹ 23.96 lakh, ST Category ₹ 9.58 lakh and W&CW ₹ 23.96 lakh.

3.1.4 Undue favour to a firm

MPDO, Zaheerabad showed undue favour to a firm in payment of Property tax.

As per the provisions of APPR Act, GPs are empowered to collect taxes and in case any GP ceases to exercise its jurisdiction over any local area, the relevant tax revenue due from the area shall be payable to such authority as may be prescribed by the Government. Scrutiny (September 2009) of records of MPDO, Zaheerabad revealed that an amount of ₹ 26.71 lakh was collected as property tax (PT) from a firm¹⁰ on the grounds that there was no separate GP existing in that area where the firm had constructed the building. Further, MPDO did not furnish the relevant orders of the Government authorising it to collect PT from the firm though sought for. Also, the firm was repeatedly being favoured by MPDO either by reducing the tax collectable or collecting tax lower than the amount initially computed as detailed in **Table 3.1** below.

Table 3.1

(₹ in lakh)

Year of assessment	Tax amount levied	Tax amount collected	Remarks
1990 to 2007	44.40	20.07	Though the tax initially calculated and arrived at was ₹ 64.23 lakh, demand was raised for ₹ 44.40 lakh without any recorded reasons. Further, the tax was also reduced to ₹ 20.07 lakh on the representation of the firm that the building was under construction from 1990-1994. The documentary evidence in support of the representation of firm for reduction of tax for the period from 1990 to 1994 was however not on record.
2007-08	27.99	3.24	Specific reply was not furnished for shortfall in collection.
2008-09	29.39	3.40	

Under the provisions of the Act relating to levy of PT by GP, any resolution of GP abolishing an existing tax or reducing the rate at which a tax is levied cannot be made effective without the prior approval of the Commissioner. However, there were no records showing that the approval of Commissioner was obtained by MPDO in this regard.

Incidentally it was also noticed that consequent on merger of (August 2003) the area in Zaheerabad Municipality, the new assessment for the year 2009-10¹¹ was made (August 2009) for collection of tax amounting to ₹ 11.05 lakh by the municipality, which was far less than the amount raised by MPDO for the years 2007-08 and 2008-09.

¹⁰ M/s Frigerio Conserva Allana Limited.

¹¹ Due to non-transfer of records by MPP to Municipality.

Thus the above deficiencies with regard to collection of PT resulted in the firm being extended with undue favour.

The matter was referred to the Government in March 2011. Reply is awaited (September 2011).

3.1.5 Loss of revenue

Due to improper decision of the State Government, auction to one of the sand bearing reaches in West Godavari district could not be conducted for three years. This had resulted in loss of revenue of ₹ 1.21 crore to the ZPP, West Godavari and other PRIs concerned.

The State Government (Industries and Commerce Department) issued (February 2000) orders to constitute a District Level Committee to notify all the sand bearing areas for public auction and to deal with the matters relating to the auctioning of sand referred to the Committee. The sand auction proceeds are remitted to the general fund account of ZPP for further apportionment among the ZPP, MPPs and GPs concerned in the ratio of 25:50:25.

Scrutiny (September 2009) of records of ZPP Eluru revealed that sand quarrying right of Reach No.13 of Vasistha river bund in the Pervalli Mandal, West Godavari district was leased out (May 2007) for ₹ 73.32 lakh¹² and the lessee remitted (May/June 2007) ₹ 31.67 lakh¹³ to ZPP General Fund. Later, the lessee represented to (September 2007) the State Government to refund the amount on the grounds that the approach way from the river bund to ramp point was not convenient to transport the sand.

The State Government, instead of sorting out the issue of approach way to protect the interests of finances of PRIs, directed the auctioning authorities to refund the auction amount to the lessee and the CEO ZPP, accordingly refunded the amount to the lessee in April 2008. The reach remained unauctioned till date (June 2011) due to approach problem.

Thus the improper decision of the State Government led to PRIs being deprived of their revenue resources amounting to ₹ 1.21 crore¹⁴.

The matter was referred to the Government in April 2011. Reply is awaited. (September 2011).

¹² Leased out for two years (24.05.2007 to 31.03.2009) for an amount of ₹ 33.33 lakh for the first year and for second year with 20 per cent enhancement of knocked down bid amount i.e ₹ 39.99 lakh.

¹³ Out of lease amount of ₹ 33.33 lakh for the first year, the lessee remitted ₹ 31.67 lakh to ZPP General fund and ₹ 1.66 lakh to Mines and Geology department.

¹⁴ ₹ 73.32 lakh (2007-2009) and ₹ 47.99 lakh for 2009-10 (20 per cent enhancement over the amount of 2008-09).

MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT DEPARTMENT

3.2 URBAN LOCAL BODIES

3.2.1 Irregular raising of loan

The Commissioner, Nizamabad Municipal Corporation raised a loan of ₹ 61.81 lakh by pledging the funds of the Andhra Pradesh Urban Services for Poor (APUSP) scheme without obtaining the approval of the State Government.

The Nizamabad Municipal Corporation (NMC) raised (March 2006) a loan from the State Bank of Hyderabad for an amount of ₹ 61.81 lakh by pledging the APUSP scheme funds (₹ 90 lakh) parked in fixed deposits. Parking of APUSP funds in fixed deposits was irregular and was pointed out as such by the CAG in his Audit Report on the GoAP 2005-06.

Scrutiny (November 2009) of records revealed following :

- Despite being a public body, the NMC failed to be a model consumer where payment of electricity dues is concerned. Only on threat of disconnection did it decide to pay up. Lack of promptness in payments resulted in arrears piling up to ₹ 61.81 lakh. According to the provisions of HMC Act, 1955, ULBs can raise loans for a sum not exceeding ₹ 15 lakh on the security of all or any of the taxes which the Corporations are authorised to levy with the previous sanction of the Government. But the NMC, in contravention of the Act, raised the loan for ₹ 61.81 lakh without obtaining prior sanction of the Government.
- In spite of having sufficient funds¹⁵ to clear the loan obligations, NMC did not repay the amount promptly at the prescribed intervals. Except for a payment of ₹ 10 lakh (₹ 5 lakh each in March and April 2006), no payment was made towards interest till date. As on July 2010, an amount of ₹ 51.81 lakh towards principal and ₹ 25.77 lakh towards interest was pending to be cleared against the loan.

On this being pointed out, NMC replied that as per the telephonic orders of the Commissioner and Director of Municipal Administration (HOD), the loan account was opened and that, due to lack of sufficient balances in the Corporation's account and that most of the tax collections were to be utilised towards payment of salaries to the staff, the loan account dues could not be met. The reply is not acceptable as there

¹⁵ 2005-06 ₹ 96.59 lakh, 2006-07 ₹ 51.93 lakh; 2007-08 ₹ 6.09 crore; 2008-09 ₹ 7.74 crore, 2009-10 ₹ 4.41 crore.

were sufficient balances in the general fund as per the accounts of the NMC during this period.

The Commissioner, NMC thus violated the provisions of HMC Act, 1955 with regard to raising the loan and guidelines issued by the State Government with regard to the scheme funds of APUSP.

The State Government also failed to initiate action against the Commissioner, NMC, for parking the APUSP funds in fixed deposits and also for raising the loan without its approval. Failure of the Government to prescribe procedure for periodical reporting of financial position of ULBs, resulted in the matter being kept out of sight of the Government.

The matter was reported to the Government in December 2010. Reply is awaited (September 2011).

3.2.2 Construction of Rain water harvesting pits

Government orders relating to rain water harvesting pits for augmentation of ground water table were not followed by any of the 124 ULBs in the State.

Construction of rain water harvesting pits (RWHP) (Inkudu guntalu) has been recognised as an important measure for augmenting ground water table. The construction of RWHP was made mandatory (June 2000) for all categories¹⁶ of buildings – both existing as well as proposed for construction within one year. The task of ensuring compliance with this directive was entrusted to ULBs. At the time of applying for permission for construction of buildings, the applicants are required to indicate the details of RWHP that would be constructed in the building premises. To ensure that the construction of RWHP takes place, the ULBs have adopted the practice of collecting amounts upfront from the applicants. These amounts were meant to be utilised for construction of RWHPs by the ULBs in case the applicants failed to discharge this obligation. The amounts were to be returned to the applicants if they fulfill this requirement satisfactorily.

To monitor the implementation of the scheme, the State Government instructed all the Commissioners of Municipal Corporation/Municipalities to constitute a RWH Cell in the ULBs concerned. However, it was observed that the proposed cell was not constituted in any of the 124 ULBs. Audit scrutiny (December 2009 – May 2010) of records of seven¹⁷ municipalities in this regard revealed the following.

¹⁶ Buildings having a plot size of 300 sq.mtrs and above which was further reduced to 200 sq.mtrs in February 2005.

¹⁷ Palacole, Janagaon, Korutla, Nandyala, Ichapuram, Proddutur, Miryalaguda Municipalities.

- An amount of ₹ 81.36 lakh was collected during the period from 2001-02 to 2009-10 which was lying with the ULBs without being put to use gainfully as envisaged under the scheme.
- In the case of existing buildings also, the ULBs failed to effectively ensure that the building owners complied with this statutory requirement.
- The State Audit department also did not watch the compliance of this issue despite conducting regular audit of the accounts of Municipalities.

The matter was reported to the Government in January 2010. Reply is awaited (September 2011).

3.2.3 Undue benefit to contractors

In Guntur, Eluru and Korutla ULBs, works were awarded with an excess tender premium of ₹ 1.41 crore, thereby extending undue benefit to contractors.

State Government issued orders in November 2004 stipulating that the awarded value of work should not exceed 105 *per cent* of the estimated value of the work. Even after two calls, if the tender premium quoted is more than the stipulated percentage, the matter has to be referred to the Government and the latter may order for a fresh call or may constitute a committee to award the work on nomination basis to a reputed contractor from the list to be maintained by the Department on the basis of performance of the contractors.

In contravention of the above order, three¹⁸ ULBs favoured the contractors by entrusting (2007-08) the works sanctioned under Andhra Pradesh Urban Reforms and Municipal Services Project (APURMSP) with excess tender premium ranging from 21.75 to 24.11 *per cent* over the estimated contract value. This had resulted in an avoidable expenditure of ₹ 92.96 lakh against the value of work completed to the end of January 2011 and a committed liability of ₹ 48.36 lakh for the value of works executed but not paid. Details in this regard are given in **Table 3.2** below.

¹⁸ Eluru Municipal Corporation, Korutla Municipality and Guntur Municipal Corporation.

Table 3.2

(₹ in lakh)

ULB	Estimated cost	Contract value	Percentage of premium	Percentage of premium in excess of 5 % ceiling	Payment towards excess tender premium	Committed liability
Guntur MC	310.19	400.52	29.11	24.11	67.65	22.99
Eluru MC	38.47	48.77	26.77	21.75	4.38	0.00
Korutla Municipality	65.77	84.82	28.96	23.97	11.70	7.82
	50.90	65.68	29.04	24.02	6.97	8.14
	41.45	53.07	28.03	23.03	2.26	9.41
Total					92.96	48.36

There were no records in the ULBs showing the following.

- Prior permission obtained from the Government before entrusting the works above the tender ceiling.
- Directions issued by the State level implementing authorities of APURMSP for meeting the excess cost over the estimated value due to entrusting works over the tender ceiling.

Thus, entrustment of works to the contractors by the above ULBs over the prescribed ceiling limit of tender premium resulted in the exchequer being saddled with an avoidable extra expenditure of ₹ 1.41 crore (paid ₹ 92.96 lakh and committed liability ₹ 48.36 lakh).

The matter was referred to the Government in March 2011. Reply is awaited (September 2011).

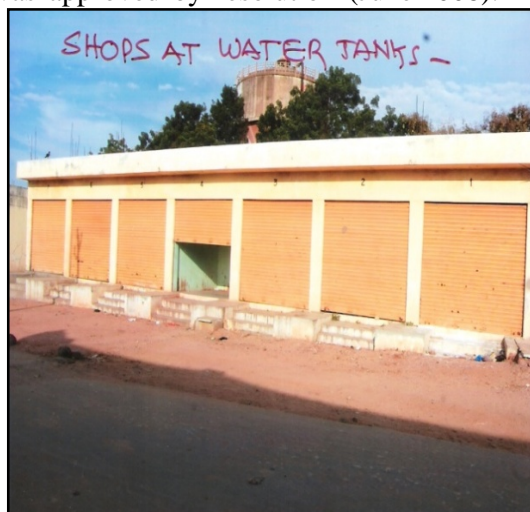
3.2.4 Non-augmentation of revenue

The Commissioner, Sadasivpet Municipality took up the construction of stalls and shopping complexes without entering into prior tie up with the parties for their lease. Coupled with this, the State Government's delay in issuing directions with regard to waiver of goodwill is contributing to delay in recouping the cost of construction (₹ 68.19 lakh) and earning revenue of ₹ 7.88 lakh per annum.

Scrutiny (April 2010) of records of Sadasivpet Municipality revealed that the Municipality took up (2003) construction of vegetable stalls, meat and beef shops and shopping complex (91 shops¹⁹) under IDSMT scheme and completed (November 2007) them at a cost of ₹ 68.19 lakh.

As per the Government orders of July 1998, all the shops were to be constructed on goodwill basis. The ULBs were directed to collect the goodwill amount in four installments i.e. 25 per cent immediately on approval of the project, 25 per cent when the construction comes up to lintel stage, 25 per cent after the roof is laid and the balance 25 per cent when the shops are handed over. However, the Municipality took up the construction of the stalls without entering into prior tie up with the parties for leasing out the shops.

It was only in March 2008 i.e., three months after the completion of the construction, auctions were held indicating the goodwill amount and monthly rent. There was no response to the auction notice. Municipal Council opined that public would be interested in taking the shops on lease if vegetable stalls and meat and beef shops are let out without goodwill and the same was approved by resolution (June 2008). In respect of shops at National Highway, the Council fixed the goodwill at ₹ 50,000. Accordingly auctions were conducted in December 2008. However, bidders participated in auction insisted for waiver of goodwill in respect of shops at National Highway too. The Municipal Commissioner referred (March 2009) the matter to Commissioner and Director of Municipal Administration for waiver of goodwill. Approval of State Government is yet to be accorded (March 2011).



¹⁹ 24 meat and beef shops at Siddapur Road, 50 vegetable stalls at Durgamma temple near water tank and 17 shops in a shopping complex at NH 9 Road.

Thus, failure of the Municipality in ensuring firm demand before commencement led to non-augmentation of revenue of ₹ 54.93 lakh²⁰ besides locking up of the existing revenue resources of ₹ 68.19 lakh being the expenditure incurred on construction in idle assets. The State Government's delay in issuing directions with regard to waiver of goodwill is also contributing to further delay in recouping the cost of construction and earning revenue.



The matter was referred to the Government in April 2011. Reply is awaited. (September 2011).

3.2.5 Payment of family pension

The Commissioners of Kovvur Municipality and Anantapur Municipal Corporation made irregular excess family pension payments aggregating ₹ 10.49 lakh to the pensioners.

Directorate of State Audit is entrusted with the task of verifying the correctness of pension particulars of retired municipal employees and issue of Pension Payment Order (PPO). On the basis of PPO so issued, the accounts wing of Municipal Corporation submits the claims of pension to the Commissioner for making payment of pension to the pensioners/family pensioners.

The DDOs are required to verify the genuineness of pension claims by obtaining life/employment/marriage certificates from the pensioners every year in the month of November.

Test check of pension payment records revealed the following cases of non-compliance with the relevant rules:

- Scrutiny (August 2009) of records of Kovvur municipality revealed that enhanced family pension was paid (April 2004 to June 2008) beyond the stipulated period, resulting in excess payment to the tune of ₹ 1.43 lakh. In one particular case, the daughter of a deceased employee was extended the benefit

²⁰ Goodwill amount ₹ 28.65 lakh, rent ₹ 26.28 lakh (@ ₹ 65,700 per month from all the 91 shops) for 40 months from December 2007 to March 2011.

of family pension for entire life based on a medical certificate that she was unfit for family life, which was irregular.

- Scrutiny (July 2010) of records of Anantapur Municipal Corporation revealed that family pension was paid to the children of the deceased employees, even after providing them with compassionate employment, which was irregular. An excess payment of ₹ 9.06 lakh was made (January 2000 to February 2008) in this regard.

The State Audit also did not highlight the same despite conducting regular audit of the accounts of Municipal Corporations/Municipalities.

The Commissioner, Kovvur Municipality stated (August 2009) that matter would be examined and necessary action would be taken accordingly. The Commissioner, Anantapur Municipal Corporation replied (August 2010) that action would be taken to recover the excess payments from the employees concerned.

The matter was referred to the Government in March 2011. Reply is awaited (September 2011).

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