

## **Chapter-V**

### **Other significant matters**

#### **5.1 Other significant matters**

##### **5.1.1 Revision of Codes/Rules**

Re-designing of the financial system of the State made drastic changes in the processes and workflow in expenditure and receipt management. In ideal situation, these changes should have been reflected in the codes/rules during the initial stage of Software Development Life Cycle.

We have observed that changes in the processes and validations during the study of processes of bills processing, payment methods, works and forest accounts, management of sub-vouchers *etc.* Although, these changes have significant impact on application of various rules by the users, necessary changes were not brought out comprehensively to address this vacuum in the codes/rules. Some of the illustrative cases test checked are discussed below.

##### **5.1.2 Rationalization of Bill forms in expenditure**

According to the SR 2(b) of TR 16 of APTC, every bill or other voucher shall be prepared in the form prescribed. The FSD indicated that the current list of APTC forms will be reviewed for rationalization of bill forms and a proposal would be submitted to Government. The current digital bill forms in CFMS are different from the ones listed in APTC, hence, an amendment is required to include the existing forms.

##### **5.1.3 Re-engineered bill processing**

The bill processing is made completely digital, and no physical paper moves from the DDO to the treasury. Hence, the Instruction 33 under TR 16 of APTC discussing about the Treasury bill register and register of bills is redundant as all the bills flow seamlessly to treasury for payment. SR 3 under TR 32 of APTC mandates a pay order on every voucher by the disbursing officer based on which cashier must make payments. This is not applicable anymore.

##### **5.1.4 Payment mode**

Cheque based payment was done away with by the Government, after the roll out of CFMS. However, these provisions still find place in the Treasury rules, which need to be modified as per the e-Kuber based payment system.

### **5.1.5 Accounting in Works and Forests Divisions**

The accounts of works and forest divisions were now merged with the treasury accounts and the division only provide the works vouchers to AG. The Letter of Credit system is now obsolete and cheque system is not in vogue anymore. The 8782 remittance HoA is not being operated. The payments from divisions are also through the e-Kuber. This must be brought out clearly in the code.

## **5.2 Internal audit**

Internal audit plays a key role in improving risk management, management controls, and an organization's governance by providing intelligent insights and recommendations to the organisation after going through an in-depth assessment and analysis of the business data.

There is no dedicated internal audit mechanism instituted by the department. An internal audit would have come across issues which could not be managed by an automated control in the system, example, limit check as illustrated in para 3.1.5.2 of this report, on excess pension payments, compliance with manual internal controls like defacing of sub-vouchers.

When the observation was brought to notice, the Government in their reply stated that a committee has been constituted by DTA with representation from other HoDs for revision of Codes / Manuals / Rules in accordance with changes in the systems and workflows. Concurrently, the committee will also take up issues such as rationalisation of bills forms in expenditure, re-engineered bill processing, payment mode, internal audit etc. matters.

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### ***Conclusion:***

*There is no dedicated internal audit institutionalised for CFMS. A regular audit would have not only compensated partly for the absence of controls but also provided a feedback loop for improvement of the system.*

*The issue of amendments to existing codes and rules is still unresolved in spite of significant changes in systems and workflows-e.g., changes in bill forms, new payment mechanism with e-Kuber, new accounting in works & forests etc.*


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**Recommendations:**

Department may consider,

- Restrict the role of APCFSS to being system administrator and enhance the responsibilities of DTA, DWA and other users to enable effective controls in the system.
- Incorporating necessary controls to avoid repetitive and excess payments.
- Implementing workflows for the operation of PD accounts based on the rules already in vogue to protect the reliability of the system.
- Bringing the accounting in line with the accounting rules and codes, in consultation with PAG.
- Adopting the accounting procedure followed by PAG (A&E) for the operation of contingency fund.
- DTA may review and strengthen their checks to ensure integrity of accounts in view of large-scale data inconsistencies brought out in this report.

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