

A.P. TRAVELLING ALLOWANCE RULES & LEAVE TRAVEL CONCESSION

1. The A.P.T.A. Rules were framed under the powers conferred by provision to Article, 309 of the Constitution of India and Fundamental Rules, 44.
2. Some of the important T.A. Rules stands modified with the issue of GO Ms. No. 124, Fin. & Plg. (FWTA), dt. 21.09.1999; GO Ms. No. 128, Fin. & Plg. (FWTA), dt. 24.08.1999 and GO Ms. No. 129, Fin. & Plg. (FWTA), dt. 24.08.1999 in relation to Tour T.A. and GO Ms. No. 24, Fin. & Plg. (FWTA), dt. 28.02.2000 in relation to transfer T.A.
3. Travelling allowance has been defined as a allowance granted to an employee to cover his expenses (upto the limits given in the rules) in the performance of his journey in public interest [Rule 2(b)].
4. All claims under T.A. Rules should be drawn only after countersignature of a controlling officer. However, certain officers like Heads of Departments, Collectors etc., are authorised to countersign their own T.A. bills (Rule 3 to 5).
5. Controlling officers may allow any government servant subordinate to them to proceed on duty within his jurisdiction and Heads of Departments to any part within the State of A.P. Similarly, the Government may authorise any government servant to proceed on duty to any part of India ((Rule 60). However, these sanctions are not necessary for the journey of an officer summoned by a Court of Law to give evidence in his official capacity.
6. The claim for T.A. should be made within 3 months from the date of completion of journey. Claims preferred after the above period are liable to be summarily rejected by the Controlling Officer (Art. 54 of F.C).
7. It is the duty of the Controlling Officer before countersigning a T.A bill –
 - a) to scrutinise the necessity, frequency and duration of halts and to disallow the whole or any part of the claim if he considers that the journey was unnecessarily protracted on the halt was of excessive duration
 - b) to scrutinise the distance, rate and calculations in the bill (Rule 7).
8. Travelling allowance is not admissible for the journeys within a radius of 8 kms (Rule, 43) even though it is at the beginning or end of rail journey. However, if the journey is within 8 kms from headquarters, there is a provision for payment of actual charges which the government servant may spend in payment of fares of railway or other public conveyance (Rule, 64). In the twin cities of Hyderabad and

Secunderabad, where a journey by public conveyance is not possible actual charge @ Rs. 1.50 per km subject to a maximum of Rs. 25/- each way can be paid. However, in respect of visits to A.P. High Court/A.P. Administrative Tribunal/City Courts as well as Government Pleaders concerned, the maximum amount permissible is Rs. 50/- per each trip subject to ceiling of 20 trips per month or a maximum of Rs. 1000/- per month. (GO Ms. No. 107, Fin. & Plg. (TA) Dept., dt. 07.04.2010).

9. Public conveyance has been defined as a journey by car or other conveyance which plies regularly for conveyance of passengers. [Rule 2(b) (viii)]
10. T.A. claims already paid cannot be revised due to retrospective revision of pay scales or promotions (Ruling 1 of Rule 8).
11. There is a provision for supplemental claim when the original claim is within 3 months but the officer has omitted to claim appropriate rate of T.A. due to ignorance of rules, or to include the full claim in respect of one item either advertantly or for want of some information.
12. Headquarters/duty point in case of tour T.A. is the office of employment at Headquarters and office visited if it is at outstation [Rule 2(b) (ii)] and in case of transfer T.A. it is residence at the old or new station (Rule, 22).

Tour T.A. can be divided into 4 categories 1) Fixed Travelling Allowance, 2) Actual Expenses, 3) Daily allowance and 4) Mileage allowance.

FIXED TRAVELLING ALLOWANCE

13. Fixed Travelling Allowance has been defined as an allowance granted to an officer who is required to tour within a specified area for a specified period in a given duration eg. One month, a quarter, half year, a year the case maybe.
14. F.T.A. rates: GO Ms. No. 99, Fin. & Plg. (TA) Dept., dt. 06.04.2010)

Details	Minimum number of days required to be toured in a month	Rate to be allowed if the jurisdiction is		
		Within the Mandal	Within 3 Mandals but one direction	Revenue Division
Officers on a pay scale upto Rs. 9200-27000	15 days 20 days	450 550	550 650	650 750
Officers on a pay of Rs. 9460-27700 and above	15 days 20 days	500 600	600 700	700 800

15. FTA is not payable during leave or joining time (Rule 13 & 14).

16. For journeys performed outside the specified area, FTA can be exchanged for regular T.A. but proportionate FTA should be deducted. However, for halts outside the specified area it cannot be exchanged for D.A (Ruling 8 & 9 under Rule, 17).
17. If journey is performed in Government vehicle, F.T.A. should be reduced by 25% for the number of days he uses Government vehicle, if such days go to make the maximum number of days. If such days are in excess over the minimum number of days, no deduction need be made (Rule 15)
18. **Deduction of F.T.A. (Rule 17):**
 - (a) For the days on which regular T.A. is claimed, deduction will be 1/28, 1/29, 1/30 or 1/31 per day of the rate of FTA as the case may be
 - (b) For each day short toured a days FTA should be deducted

Example:

Rate of FTA per month	: Rs. 400.00
Number of days to be toured	: 20
Number of days actually toured	: 15
FTA to be deducted	: $400 \times 5/20$ = Rs. 100/-

19. All officers are divided into 3 grades as given in the annexure – I for the purpose of T.A. The class to which they are eligible if the journey is by train, rate of mileage if the places are not connected by public conveyance are also given in the annexure.
20. For the days of journey exceeding 8 kms actual charges incurred for the journey by public conveyance and D.A. as given below are payable.
21. Where the journey is between places not connected by public conveyance mileage as given in annexure-I is payable for the entire distance but no daily allowance is payable.
22. Where the journey is performed by bus, bus fare actually paid and daily allowance is payable.
23. All officers who are eligible to travel by air can travel by 1st class AC. All officers drawing in the scale of pay of Rs.18335 - 30065 in 2005 pay scales are eligible to perform journey by Air on official duty outside the State. Journey by air within the State is not permissible. (GO Ms. No. 129, Fin. Plg. (FWTA) Dept., dt. 24.08.1999 &).
24. Officers eligible to travel by 1st Class may travel by AC Chair Car or AC II tier sleeper or AC III tier sleeper.
25. All officers who are eligible to travel by air can travel by 1st Class AC.
26. If the journey is performed in a government vehicle, no charges for the journey is payable.

27. If the officer performs journey in his own car, mileage @ Rs. 11.00 per km and if it is by own motor cycle/scooter Rs. 4.00 per km can be paid. If more than one officer travels in the same car, only one is eligible for the mileage. Payment of mileage will be restricted to 125 kms per day if the jurisdiction of the officer is one district and to 250 kms if it is more than one district. However, these restrictions will not be applicable in case of journeys connected with election work. If the journey in their own care to places exceeding 8 kms but not exceeding 32 km, subject to a maximum of one D.A. payable.
28. Mopeds like Luna, TVS does not come under the definition of motorcycle. (Memo No. 26832/662/TA/65, dt. 9.9.1985 of Finance Department.)

DAILY ALLOWANCE

29. Daily allowance is payable on the days of journey in addition to air, train or bus fare and for the days of halt at the place of visit at the rate given in annexure-I. It is payable for each day of absence from headquarters. A day is reckoned as to cover twenty four hours of absence from headquarters commencing from the minute the officer leaves the headquarters and ends at the minute of officer returns to his headquarters. If the absence performs the return journey on the same day, full FA will be admissible if the absence is 12 hours and more, half D.A is payable if the absence is 6 hours and more and no D.A. if the absence is less than six hours 37(1).
- (i) No daily allowance is payable where mileage is claimed for journey by own car/scooter and where the places are not connected by public conveyance 40(4).
30. The D.A. is intended to cover the ordinary daily charges such as cost of boarding, accommodation, hiring of conveyance etc. It also includes the cost of hiring conveyance on a journey for which no mileage is admissible. However, in respect of journeys to Delhi and outside the state taxi/auto charges from station to duty point are admissible. There is also a provision for payment of taxi charges not exceeding Rs. 400/- per day for visit to the offices of Government of India or Ministries or any other office on official work in respect of officers of the rank of Secretary to Government and above the A.P. Bhavan at Delhi is required to place a vehicle at the disposal of the officer. If no vehicle is available at Delhi, Bombay and Calcutta for official purpose, a taxi should be obtained on hire and placed at the disposal of the officer. The hire charges should be got reimbursed from the department to which the officer belongs. 40(7)
31. Daily allowance is payable for the days of halt at camp including holidays. But no D.A. is payable for the days on which the officer avails casual leave and public holidays. If the casual leave is for half day only half D.A. is paid. 40(2).
- (i) Full daily allowance is payable for the entire duration of tour.

32. If the return journey is performed while on casual leave, T.A. for the return journey is not payable. However, if the leave is on medical certificate, T.A. for the return journey is admissible. 48 (4).
33. If both boarding and lodging are provided free in camp, only one-fourth D.A. is payable. If either boarding or lodging is provided free, half D.A. is payable 40(5).
34. There is also a provision for payment lodging charges for the stay at Hyderabad, Visakhapatnam, Vijayawada, Tirupati and Warangal but the employee should be from a district other than the one in which the above places are located. The lodging charges payable are also given in Annexure-I. Where lodging charges are claimed, D.A. on those days should be reduced by 25%. 41(1).

TRANSFER TRAVELLING ALLOWANCE

35. The rules relating to journey on transfer are contained in Rule 69 to 80 of T.A. Rules. These rules are modified to the extent given in GO Ms. No. 24, Fin. & Plg. (FWTA), dt. 28.03.2000.
36. Travelling allowance on transfer is admissible where the transfer is in public interest. It is not payable where the transfer (1) is at the request of the employee (2) does not involve change of residence and (3) in after return from leave exceeding four months.
37. However, if the leave is on medical certificate while in transit TTA is admissible.

If the transfer is after expiry of leave exceeding 4 months, the officer can be permitted to recover the T.A. admissible for the transport of personal effects, conveyance and cleaner in case of car.
38. Ordinarily, T.T.A. is not payable in case of overstayal of joining time. But Heads of Departments may permit payment with a reduction of not more than 50% of the amount otherwise admissible.
39. If an employee is transferred to a new station while on transit, T.A as on tour will be paid for the journey already made and thereafter, TTA to the new headquarters (Rules 76).
40. The family of the employee will be treated as having accompanied the employee even if they precede him by one month from the date of handing over charge at the old station or follows him within 6 months from the date of joining at the new station (Rule 75).
41. Similarly personal effects can be transported within 6 months of the date of joining at the new station [Note under Rule 70(iv)]

42. T.A. for the family is also payable when the family travels from the old station to any place other than the new station or join him at the new station from a place other than the old station. But T.A. will be limited to what would have been admissible had the journey been made from the old station to the new station or between the places of travel whichever is less (Rule 74).
43. Family for the purpose of T.T.A. includes wife, children including adopted son. Step children and parents residing with and wholly dependent on the employee. A female employee can claim T.A. for her husband if he is wholly dependent on her. Married daughters cannot be treated as members of family from the date from which they are placed under the protection of their husband. But a widowed daughter can be treated as a member of the family if she is wholly dependent on the employee [Rule 2 (b) (iii)].
44. If both husband and wife are employees and if transferred from the same old station to the same new station at the same time, only one is eligible for TTA and the second is treated as member of the family (Note 3 under Rule 70).
45. If handing over charge or taking over charge take place at a place other than the old or new headquarters, for the journey from headquarters to the place of handing over or taking over charge, TA as on tour will be paid and TTA from the old headquarters to the new headquarters will be paid (Rule 73).
46. Claim for personal effect is also admissible for transporting personal effects from the old station to any place other than the new station or from any place other than the old station to the new station subject to the condition that the claim does not exceed the amount admissible had the personal effects been carried from the old station to the new station (GO Ms. No. 24, Fin. & Plg. (FWTA), dt. 28.02.2000).
47. The fare admissible for journey on transfer for self, family and personal effects are given in annexure – II.

T.A. FOR JOURNEYS OTHER THAN TOUR OR TRANSFER

48. T.A. as on tour is payable for the following journeys.

Purpose of Journey	Restrictions if any

1. Journey to attend an obligatory examination (Rule 82to 85)	a) D.A. is not payable
2. Journey to give evidence when summoned (Rule 92)	b) Payable only twice for the same examination T.A. is not payable if the enquiry is conducted at that place at the request of the suspended employee
3. Journey for medical examination (Rule 94 to 100)	a) For consultation if medical officer is not available at the place of posting. b) For treatment if the local doctor certifies that necessary treatment cannot be provided locally. c) If required as per APGLI Department Rules d) For undergoing second medical examination e) For journeys in (a) to (d) above, D.A. for halts is not admissible.
4. Journeys on a course of training (Rule 102)	If the period of training does not exceed 60 days.

ANNEXURE – I

GRADES OF GOVERNMENT SERVANTS

G.O. Ms. No. 336, Fin. & Plg. Dept., dt. 29.10.2005

Grade	D.A. for tours within the State	D.A. for tours to any place outside the State	Reimbursement of lodging charges for visit to Places outside State			
			*At Municipal Corporations either within the State outside the state	A t Hyderabad/ Secunderabad	Delhi/ Mumbai/ Chennai/ Kolkata/ Bengaluru	Class of fare
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Grade –I Rs. 25600 - 50560 & above	300.00	400.00	500.00	750.00	875.00	1st Class/ AC II Tier/III Tier Sleeper
Grade-II Rs. 13660 - 38570 to 23650 - 49360	200.00	300.00	300.00	450.00	525.00	-do-
Grade-III Rate of employees	150.00	200.00	200.00	300.00	350.00	2nd Class/ sleeper class

* Payable on certification that Government accommodation was not available and production of original receipts of the lodging house.

T.A. AS ON TRANSFER

1.	Journey on a Course of Training [Rule 102 (a)]	a)	For training courses detailed in annexure-I of F.R. if the period of Training exceeds 60 days
If the training at any one place exceeds 60 days. T.A > as on tour for journey days and monthly allowance for the days of halt will be paid [Rule 102 (a)]			
In case of training courses, if the trainees are required to stay compulsorily in the mess of the Institute, the monthly allowance shall be the actual expenses of mess and lodging charged by the Institute.			
2.	Journey by family members of a deceased Govt. Servant (Rule 106) (to be claimed within 3 months from the date of death)	a)	T.A. to home of deceased employee any other place where the family wishes to reside.
		b)	T.A. should not exceed the amount from last headquarters to home of the home of the deceased employee.
3.	Journey on retirement (to be claimed within 6 months from the date of retirement)	a)	T.A. to Home Town only
		b)	For self only one fare
		c)	If the Home Town is in other state, T.A. is payable upto state limits.

ANNEXURE – II

TRANSFER T.A. – PERSONAL EFFECTS (GO Ms. No. 128, Finance (TA) Department, dt. 17.04.2010)

Grade	Maximum	Packing and unpacking charges			Disturbance allowance in case of transfers to Delhi & places outside State	Journey by self		Journey by family		Mileage allowance
		Transfer s outside the State	Transfer within the State but outside the zone	Transfer within the zone in the State		By Train	By road where the places are not connected by train	By train	By road where places are not connected by train	
Grade I	50 Qtls	Rs. 5000 but Rs. 7000 for those drawing pay scale of Rs.29200 - 53060 and above	Rs.1000/- at each end	Rs.500/- At each end	Rs.10000/- lumpsum	One fare of the eligible class, the class actually travelled	2 mileages	Fare paid for each member of family of the eligible class actually travelled whichever is less	One mileage if 3 members of his family accompany him & another mileage if more than 3 members of his family accompany him	Rs. 6.00 K.M.
Grade-II	40 Qtls	Rs.4000/-	Rs. 600/- at each end	Rs. 150/- at each end	Rs. 7500/-	--	-do-	-do-	-do-	Rs.3.50 KM
Grade-III	30 Qtls	Rs. 3000/-	Rs. 400/-	Rs. 200/-	Rs. 2500/-	--	-do-	-do-	-do-	Rs.3.00 KM

NOTE : 1. Receipts must be produced for the above payments

LEAVE TRAVEL CONCESSION

(Rule 92 & Annexure VII)

- 1) LTC - Reimbursement of expenditure incurred by the Government employee and family members to travel from his headquarters - Home Town/Any place within the State.
- 2) Eligibility – Not less than 5 years of service
- 3) Amount of reimbursement – Actual amount as per entitlement
- 4) Frequency – Once in every block of two consecutive Calendar Years
 - 2001-2002 - To go to Home Town
 - 2003-2004 - To visit any place in the State
 - Home Town declaration need to be made
 - Not declared – any place in State eligibility
 - Concession not availed will lapse
 - Prior permission
- 5) Sanctioning authority - Earned Leave – Sanctioning Authority
- 6) Leave required to be taken - at least casual leave
- 7) Family GO - Parents not eligible
NGO - Parents if not pensioners & Adopted Son – 1
- 8) Home Town declaration:
 - Change – once in service
 - Submitted to the controlling officer and shall be communicated to the Head of the Office for entry in S.R.
- 9) Journeys:

Train	-	Fares
Bus	-	Bus fares
No train/	-	Greater than 2 persons in a group – 2 Mileage
Bus		Less than 2 persons in a group – 1 Mileage
- 10) Regulation of claims
 - * Train travel: Produce used Air/Railway/Bus tickets in original
Along with LTC Claims Cir. Memo No. 11818/48/ A2/TA/2001, dt. 7.3.2002
 - * Bus travel Bus tickets
 - * Air travel Restricted to train class
- 11) Time limit for claims - 30 days of completion of the return journey
15% cut on gross amount up to 1 year
- 12) Advances 80% Article 84 of A.P. Financial Code

- 13) Certificates: The following certificates have to be furnished:
- (i) By the Government employee:
 - a) Certified that for the block period of, I have not submitted any claim so far for leave travel concession in respect of the persons for whom traveling allowance is claimed in this bill
 - b) Certified that the advance of traveling allowance for the leave travel concession has been fully adjusted in this bill
 - c) Certified that the persons for whose journeys the claim is preferred in this bill performed the journeys to and from
 - d) Certified that my wife/husband is not a Government employee is an employee of and that the concession has not been availed by her/him separately for herself or for any of the family members covered by this claim for the block period
 - e) Certified that the family members for whom claim has been made in this bill are wholly dependent on me.
 - (ii) By the Controlling Officer/Drawing Officers:
 - a) Certified that the claim was preferred in time by the claimant and that the delay in presentation at the Treasury is due to administrative reasons
 - b) Certified that the claim was not preferred and paid previously
 - c) Certified that necessary entries were made in the Service Register of the individual regarding the availment of leave travel concession during the block period
 - d) Certified that apart from normal checks, I have verified the claim after obtaining all the required details as to the actual travel correctness of number of family members, distance traveled, fares and mileage claimed and I am satisfied that the claim is in order [para 12 (c) & (d)]
- 14) Penalties for misuse/abuse of LTC: Misuse/abuse is proved as a result of departmental enquiry
- a) The entire amount if drawn and disbursed shall be recovered in one lump sum
 - b) The right of the Government employee for availment of LTC shall be forfeited for rest of the service, and
 - c) Disciplinary action has to be taken against the Govt. employee as per A.P. Civil Services (CCA) Rules.
- 15) Penalties for misuse/abuse of advance drawn for LTC:
- a) The entire amount of unutilized advance along with penal interest at (18%) per annum shall be recovered in one lump sum (GO Ms. No. 43, Fin. & Plg. Dt. 08.01.1999)
 - b) The action referred to in (b) & (c) of the above para also has to be taken.

Audit Objections / Audit Paras and Facing PAC

FUNDS

Finance is the life blood of the Government/Commercial transactions. Most of the transactions usually be condensed into monetary terms and reported. These reporting may be either in the form of Budgets or Annual Accounts. These Budgets and Annual Accounts are indispensable to any organization whether it is Government/Non-Government, commercial or non-commercial. The Authority for financial transactions stems from the Constitution of India for all Governmental transactions. It may be acts, for financial transactions of Local Bodies. The Article 266 speaks of consolidated fund Article 267, speaks of contingency fund Article 266 (2) and Art 284 speaks of Public account.

BUDGET

Budget is the pre-discipline on public spending where as audit is the post discipline. The need for a Budget arises on account of the constitutional obligation laid down under Art 266 which envisages Legislature control over the expenditure. The budget of the government expresses its total activity in figures. Budget reflects what the government is doing or intended to do. Expenses are budgeted in relation to anticipated income in a year. If it indicates physical achievements proposed to be attained from the financial outlays it is called performance budget.

ANNUAL ACCOUNTS

After Budget, the related transactions may take place with preference to realization of receipts and payments for expenditure. Receipts will be accounted for to Government Treasury and Moneys would be drawn from Treasury for making payments. In doing so the person in charge of these transactions has to follow stipulations of Acts, Rules, Codes Manuals, Government Orders and executive instructions.

These receipts which were accounted for and the payments which were made have to be documented in prescribed formats and present to the Government by all the Designated Officers. These are called accounts. When all these accounts are consolidated and presented in the formats for a financial year they are termed as Annual Accounts.

AUDIT

Audit is a constitutional/legal requirement. Hence, Accounts of any organization must necessarily be audited irrespective of its nature of ownership-Government, Local Body, Co-operatives, Business, N.G.Os or professional Bodies. Audit is scrutiny of Financial transactions carried out by the Executive Authorities of an organization which are presented in form of Annual Accounts and state whether these financial transactions were carried out as per the Rules, Regulations, Codes Manuals, Government Orders and executive instructions and express opinion

whether the Annual accounts are reflecting the true and fair view of Financial transactions. The Comptroller and Audit General of India conducts audit of state government accounts under section 14 of CAG (Duties power and conditions of service Act) 1971.

AUDIT OBJECTIONS / PARAS

When the Annual accounts do not reflect true and fair view of financial transactions and carried out in violation of Rules, Regulations, Codes Manuals, Government Orders and executive instructions, the auditor will raise an audit objections/ Para on the Accounts. These are called Audit Objections/Paras. The Audit objections and Audit Paras are interchangeable. The client organization calls them Audit objections and the comptroller and Auditor General call them audit Paras. The Comptroller and Auditor General examines the yearly accounts of the Government and after scrutiny certifies the accounts, subject to such reservations as he chooses to make, and submits his reports to the president who causes them to be laid before Parliament.

The CAG will present these objections to the Legislature-Parliament or Assembly. The Audit objections may otherwise be viewed points of distortion in Annual accounts in reflecting financial transactions carried out. These distortions reported have to be rectified and make the Annual accounts set right till they reflect the true and fair view of the financial transactions.

The CAG will submit the Audit report for every year to the Governor under Article 151 under constitution. The report contains Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts. And the report also contains the findings of Performance Audit and Audit of transactions in various Departments. Normally the AG conducts only Test Audits.

The methodology for submission of Audit Report by AG

The AG conducts Test Audit of an Office

Forward the audit Inspection Report to the Head of the Office for follow-up action and rectification

The AG consolidates audit Inspection Report of various offices under each Head of the Department and inform the same to the HoD for perusal of follow-up action.

The CAG submits Audit Reports to the Governor/Legislature

TYPES OF AUDIT

The audit by the C&AG is comprehensive and manifold. It involves among others,

- (a) Accountancy Audit ,
- (b) Regularity Audit,
- (c) Appropriation Audit
- (d) Propriety Audit/Discretionary Audit
- (e) Efficiency-cum-performance Audit

The efficiency-cum-performance Audit has gained much importance recently. Here the audit examines as how far the implementing agency is adequately discharging its financial responsibilities in regard to the various schemes are being undertaken by it and ascertain whether the schemes are being executed effectively and these operations conducted economically and whether they are producing the results expected of them.

Methodology & follow-up action on Audit Report

1. The AG on receipt of explanation from the Head of the office scrutinizes the reply and draft the objection. If not satisfied with the reply the AG will inform for taking further action.
2. The AG peruses the replies from the HoD
3. The Secretary, Finance (PAC) Department, furnishes explanatory note on all items by collecting necessary information from the subordinate officers/HoDs.
4. The copy of the explanatory notes may also be furnished to AG (A&E).
5. The AG (A&E) informs his remarks to the Legislature (PAC) Department to place before the PAC both the explanatory notes and the AG remarks.
6. The PAC on examining both the explanatory notes of the Secretary/HoD and the remarks of the AG will conclude whether to drop the further action or peruse further .

It is here the official who is in charge of settlement of AG Audit Objections will have to show his diligence in convincing the AG along with PAC in accepting the transaction carried out. If not he has to face the music in convincing the Government in condoling the defect and save him from the wrath of PAC in that particular transaction.

- 1, The Audit objections Paras may be rectified/settled by recovery of the amount as pointed out.
2. The objection may be rectified by maintaining the details afresh as noted in the objection. (Maintenance of records)
3. The objection may also be got settled by getting the transaction ratified by the higher authority or the Government.

SETTLEMENT OF AUDIT OBJECTIONS

The AG may settle/drop the audit paras in the form given below.

- 1, Dropped on the responsibility of the Department
2. Dropped to the subjected to verification during next local audit
3. Dropped as the latest has been commented
4. Dropped on verification during local audit.

PUBLIC ACCOUNTS COMMITTEE

Legislature as a body cannot have an effective control over the government and the whole gamut of its activities. Administrative accountability to the legislature through Committees has been

the hall mark of our political system. The Legislature exercises control over the Executive through the PAC.

The Public Accounts Committee is constituted every year under the Rules of Procedure and conduct of Business of Legislature. The PAC can have members drawn from both houses of the legislature.

THE SCOPE OF PAC

The PAC can examine the

1. Statement of Accounts showing income and expenditure of Government
2. Statement of Accounts showing income and expenditure of state Corporations
3. Statement of Accounts showing income and expenditure of autonomous
4. Any other report of CAG

The scope of PAC goes beyond the formality of examination of expenditure to its wisdom, faithfulness and economy. The PAC examines the cases involving losses, nugatory expenditure and financial expenditure irregularities. When any case of proved negligence resulting in a loss or extravagance is brought to the notice of the PAC it calls up the Ministry/department concerned to explain what action, disciplinary or otherwise it had taken to prevent its recurrence. In such a case it can also record its opinion in the form of disapproval or pass strictures against the extravagance or lack of proper control by the Ministry or Department concerned.

THE FUNCTIONS OF PAC

1. Examination of Accounts showing the appropriations of sums granted by the legislature of the expenditure of the government
2. Examination of Annual Financial Accounts of the Government
3. Scrutiny of the appropriations of Accounts of the Government
4. Scrutiny of the Audit Report of CAG.
5. Detail descriptions on points of financial discipline, principal under system.

The PAC carries out the above functions to satisfy itself

- (a) That the moneys shown in the accounts as having been disbursed were legally available for, and applicable to the service or purpose to which they have been applied or charged;
- (b) That the expenditure conforms to the authority which governs it;
- (c) That every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

NATURE OF EXAMINATION

If any money has been spent on any service during a financial year in excess of the amount granted by the House for that purpose the Committee shall examine with reference to the facts of

each case the circumstances leading to such an excess and make such recommendation as it may deem fit.

That is to say that PAC ascertains that

1. Money granted by Legislature has been spent by Government within the scope of the demand.
2. Money recorded as spent against the grant must not be more than the amount granted.
3. The expenditure brought to account against a particular grant must be of such a nature as to warrant its record against the grant and against no other.
4. Grants should be spent on purposes which are set out in detailed demand and they cannot be spent on any new service nor contemplated in the demand.

The function of PAC is the discussion on points of financial discipline and principles. However the PAC is not concerned with the question of policy in the broad sense. As a rule it expresses no opinion on points of general policy but it is within its jurisdiction to point out where there has been extravagance or waste in carrying out the policy.

Regularization of Excesses over Grants and surpluses

If any money has been spent by the Government on a service in excess of the amount granted by the House for the purpose, the PAC examines with reference to the facts of each case, the circumstances leading to such an excess and makes such recommendations as it may deem fit. Such excesses are thereafter required to be brought up before the House by the Government for regularization under Article 115 of the Constitution.

The PAC looks upon savings arising from incorrect estimates or other defects of proceedings more leniently than it does upon excesses. This safe estimating might be regarded as even more objectionable, as it might easily lead to extravagance, waste.

The Legislature/PAC must satisfy itself that the moneys so voted were directed to the intended purposes and were spent prudently and economically.

PAC AT WORK

The Report and content of the Audit Report forms basis and provide direction for the work of PAC. The Comptroller and Auditor General is the “friend, philosopher and guide” of the PAC.

1. At the beginning of its term every year, the PAC makes a selection of Audit Paragraphs included in the various reports of C&AG for in-depth examination.
2. After holding deliberations and taking note of the time available at its disposal the PAC selects the most important paragraphs from the Audit Reports for detailed examination and submits its reports to the House on them.
3. The Government is required to intimate the PAC the action taken or proposed to be taken by it on the recommendations contained in the report of the PAC.
4. The action taken replies of the Government is required by the PAC and due classification of the replies on Action Taken Report is presented to the Legislature.

5. The government is further required to intimate the action taken or proposed to be taken by it and the previous recommendations.
6. The action taken thus reported by the Government is placed on the table of the House in the form of a statement without any further comments by the PAC.

Thus, this system not only ensures accountability of the Executive to the Legislature but also enables the Legislature and the Public in General to appraise the Governments final replies to the PAC's recommendations. This completes the examination of the subject by the PAC.

FOLLOW-UP ACTION ON NON-PAC PARAS

The PAC refer the audit paragraphs not selected by the PAC to the Ministry/Departments concerned for furnishing of notes duly vetted by the audit showing remedial/correct action taken on all the paragraphs contained therein. The remedial/correction Action Taken Replies Notes received from Government are sent to CAG for categorization like

- a. Accepted
- b. Partially accepted
- c. Not accepted

And then circulate these Notes to the members of the Committee.

AUDIT COMMITTEES

In order to have effective monitoring the follow-up action on the Audit objections the Government has formulated for constitution of Audit Committees at three levels.

Level	Composition	Frequency of meetings
Apex level	Secretary of the Department and Finance Secretary	Twice in January and July
Departmental level	Left to HoD	Once in three months
District level	Left to Collector	Once in two months

The Accountant General normally report these Audit objections to the Head of the Department and the Secretary of the Administrative Department is responsible for taking follow-up action for rectification of the Audit Objections reported by the Accountant General. The follow up action consequent on issue of Audit Report will be perused by the PAC on behalf of the Legislature.

