

Chapter-4

Compliance Audit Paragraph

Municipal Administration and Urban Development Department

4.1 Misappropriation of receipts in Sangareddy Municipality

Non-compliance with Government rules and lack of internal controls resulted in possible misappropriation of revenue collections of ₹84.67 lakh and temporary misappropriation of ₹36.43 lakh

Andhra Pradesh Treasury Code¹ stipulates that all moneys received by or tendered to Government servants should be paid in full into the treasury without delay. Further, Municipal Manual requires the Shroff (Cashier) to remit collections into Municipal General Fund maintained by bank/treasury on the day of receipt or next working day. Moneys received as above are not to be appropriated for departmental expenditure or otherwise kept apart from Government Account. Drawal of self cheques on Municipal General Fund account is not permitted except in respect of salaries and petty office expenses.

Scrutiny of records (January/October 2013) of Sangareddy Municipality revealed the following:

- i. Daily collections from levy of various taxes and non-taxes amounting to ₹2.39 crore during the period 2008-13 were deposited in State Bank of Hyderabad (savings bank account of Commissioner, Sangareddy Municipality: ₹1.97 crore, other scheme accounts: ₹42.37 lakh) instead of remitting into the General Fund account.
- ii. Out of ₹2.39 crore shown in Chitta Register (Daily Collection Register) as having been deposited in savings bank account, ₹36.43 lakh was actually deposited with a delay of more than one year, which amounts to temporary misappropriation.
- iii. Out of ₹42.37 lakh shown (August 2011 – September 2012) as deposited in other scheme accounts² in Chitta Register, ₹1.88 lakh were not deposited as of October 2013.
- iv. Self cheques for an amount of ₹82.79 lakh were drawn (2009 to 2012) by the Commissioner from SBH account for meeting various items of expenditure. However, supporting vouchers were not furnished to audit. Hence the veracity of expenditure claimed to have been incurred could not be vouchsafed in audit.

Non-compliance with Government rules and lack of internal controls resulted in possible misappropriation of ₹84.67³ lakh and temporary misappropriation of ₹36.43 lakh.

¹ Rule 7 of Part-I

² Backward Region Grant Fund, Rajiv Nagar Bata and Thirteenth Finance Commission

³ ₹1.88 lakh and ₹82.79 lakh

Government replied (May 2014) that Commissioner and Director of Municipal Administration (CDMA) has been instructed to initiate appropriate action against the concerned officials of the Municipality. Further, the Director, State Audit, was also requested to conduct special audit of accounts of Sangareddy Municipality for the period 2008-13.

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