

*One Nation One Audit*

**IMPLEMENTATION OF  
AUDIT ONLINE**

**&**

**RECOMMENDATIONS  
ON ATR**



**STATE AUDIT DEPARTMENT, TELANGANA**

# AUDIT OF PANCHAYAT ANNUAL ACCOUNTS

Financial Year	Total No. of RLBs in the State				No. of RLBs audited online		No. of RLBs audited offline	
	Zilla Parishad	Mandal Parishad	Gram Panchayat	Total	By State Audit	By Empanelled CAs	By State Audit	By Empanelled CAs
<b>2019-20*</b>	32	540	12796	<b>13368</b>	5132	0	8236	0
<b>2020-21</b>	32	540	12769	<b>13341</b>	13341	0	0	0
<b>2021-22</b>	32	540	12769	<b>13341</b>	13341	0	0	0

- MoPR fixed 25% GP Audits to be done through Audit Online for the 2019-20 but Telangana could complete 40% of GP Audits.
- Necessity of engaging CAs never arose.

# EXISTING CAPACITY OF STATE AUDIT



Sl No	Designation	Sanctioned Strength	In Position	Vacancies	Efforts made to Strengthen the Auditing Units
1	Director	1	1	0	
2	Joint Director	2	2	0	
3	Regional Dy Director / Deputy Director	9	8	1	
4	District Audit Officer / Audit Officer	38	38	0	
5	Assistant Audit Officer	86	49	37	Notified to PSC
6	Senior Auditor	311	250	61	Notified to PSC
7	Junior Auditor	145	117	28	Notified to PSC
8	Others	95	69	26	
	<b>Total</b>	<b>687</b>	<b>534</b>	<b>153</b>	

# AUDIT OBJECTIONS

SI No	Audit Year	ZP	MP	GP
		No of Objections	No of Objections	No of Objections
1	2019-20	0	0	54,210
2	2020-21	609	4,933	2,12,698
3	2021-22	583	5,725	1,98,209

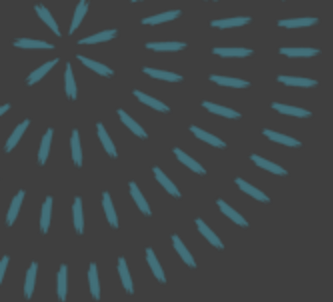
# STRATEGY OF TELANGANA STATE IN GETTING 100% AUDITS COMPLETED

Telangana State Audit achieved the target of 100% audits successfully for the last nine consecutive years and for the last two years we performed 100% audits in Audit Online.

We have an Annual Audit Plan to complete all the audits of PRIs by the end of October every year.

We are conducting the refresher trainings in such a way that the auditors can use the learnings in upcoming audits as per AAP.

We are moving a head towards improving the quality of audit and audit certification.



EXISTING  
PANCHAYAT LAWS,  
RULES AND  
REGULARIZATIONS



Telangana State  
Panchayat Raj Act  
2018

Telangana State  
Audit Act 1989 and  
Telangana State  
Audit Rules 2000



# IMPORTANT PROVISIONS IN TS PANCHAYAT RAJ ACT 2018

Audit on the Accounts of PRIs has to be conducted by the State Audit Department under section-284 of TS PR Act 2018

As per section-34 of TS PR Act 2018 - *"A Sarpanch and Panchayat Secretary shall be deemed to have been removed from the office as such if they fail to get the accounts of the Gram Panchayat audited within 31<sup>st</sup> December"*

**IMPORTANT  
PROVISIONS  
IN  
TS STATE AUDIT  
ACT 1989**


**SEC-9:** On receipt of the audit report the Executive authority shall remedy any defect pointed out in the report and shall place the audit report, together with ATR before a meeting of the concerned local authority within a period of two months from the date of receipt of the audit report. The Executive authority shall also within one month of the said meeting, send a report of his having remedied the defects or irregularities to the Audit Officer.

**SEC-10:** Disallow every item of expenditure incurred contrary to law and surcharge the same on the person incurring or authorizing the incurring of such expenditure.






# STRATEGY TO STRENGTHEN AUDIT INFRASTRUCTURE



1. Allocation of funds from XV FC Grants is required as the Hardware/SW infrastructure is much lagging in audit dept when compared to auditees.

2. Allocation of funds from State Government for capacity enhancement measures.



**FORUMS/LEVELS WHERE ACTION  
TAKEN REPORT (ATR) ON THE AUDIT  
OBSERVATIONS IS TO BE PLACED**

Grama Sabha, Mandal  
Sabha and Zilla Sabha  
within two months  
from the receipt of the  
Audit Report

State Legislature  
(Consolidated Audit  
and Review Report)

## EXISTING PROCESS OF ATR IN TELANGANA

- Placing of Audit Report in the Grama/Mandal/Zilla Sabha within two months from the date of receipt of Audit Report.
- Submission of replies to the audit observations within one month from the conduct of Grama Sabha.
- Dropping of audit observations if the replies are found satisfactory.
- Issuing special letter (warning letters) to the concerned Panchayat Secretary or Sarpanch on serious irregularities (within 4 months compliance to be submitted by the erred officer)
- Issuing surcharge certificates for recovery of amounts on non-compliance to the above serious audit observations (within 2 months the surchargee has to comply) else Revenue Recovery Act to be enforced for recovery.
- Placing of Consolidated Audit Review Report (CARR) in the assembly: Without placing the report in the assembly, the State Audit department can not place the audit report in public domain.

## PROPOSED PROCESS OF ATR BY MoPR

- Placing of Audit Report in the Grama Sabha / Mandal Sabha / Zilla Sabha within two months from the date of receipt of Audit Report.
- The Grama Sabha / Mandal Sabha / Zilla Sabha has to discuss the audit observations along with the action taken on the lapses/irregularities/violations.
- On successful discussion if the Grama Sabha satisfies with the ATR then those audit observations can be dropped.
- There may be a possibility of non-submission of ATR for some audit observations then the above process should be continued till all the audit observations are settled by the year X+3 (X is ATR year and X+3 = Y the grant releasing year). If not done, then the pending observations shall be published in the audit online portal.
- Release of funds shall be linked to closing of account (Y-1), completion of audit (Y-2) and completion of ATR process (Y-3), and it shall be enforced. (Y = Grant Releasing year)

# CHALLENGES IN THE PROPOSED ATR



- In reality, the Grama Sabha is not being held regularly
- Even if it is held the audit report would not find place in the agenda
- The final time allowed for completion of ATR is 3 years i.e grant releasing year minus 3 years which may not be appropriate because as per the present provisions the ATR has to be completed within three months from the date of receipt of audit report.
- If this much time is allowed then there may be a scenario where:
  - Sarpanch demitting the office
  - Panchayat Secretary getting transferred
  - Availability of records also cannot be ensuredHence, getting ATR becomes just difficult.
- Even if the pending audit observations are published after three years in the public domain, it may not serve any purpose or draw a logical conclusion in ensuring accountability of the institution.

## **SUGGESTIONS ON ENFORCING COMPLIANCE TO AUDIT PARAS**

- Mandatory to conduct Grama Sabha under the chairmanship of MPDO and placing the Audit Report in the Sabha
- Mandatory to conduct Mandal Sabha under the chairmanship of CEO and placing the Audit Report in the Sabha
- Mandatory to conduct Zilla Sabha under the chairmanship Additional Collector (LB) / District Collector and placing the Audit Report in the Sabha
- Inviting discussion on Audit Objections in the Grama Sabha, Mandal Sabha and Zilla Sabha
- Making one Auditor from State Audit Department to be present in the above meetings as external observer for ensuring needed suggestions.
- Submission of compliance report to the Audit Authority
- Release of all grants shall be based on the compliance report and it shall be enforced without any compulsions.

## ILLUSTRATION FOR RELEASE OF 15FC GRANT



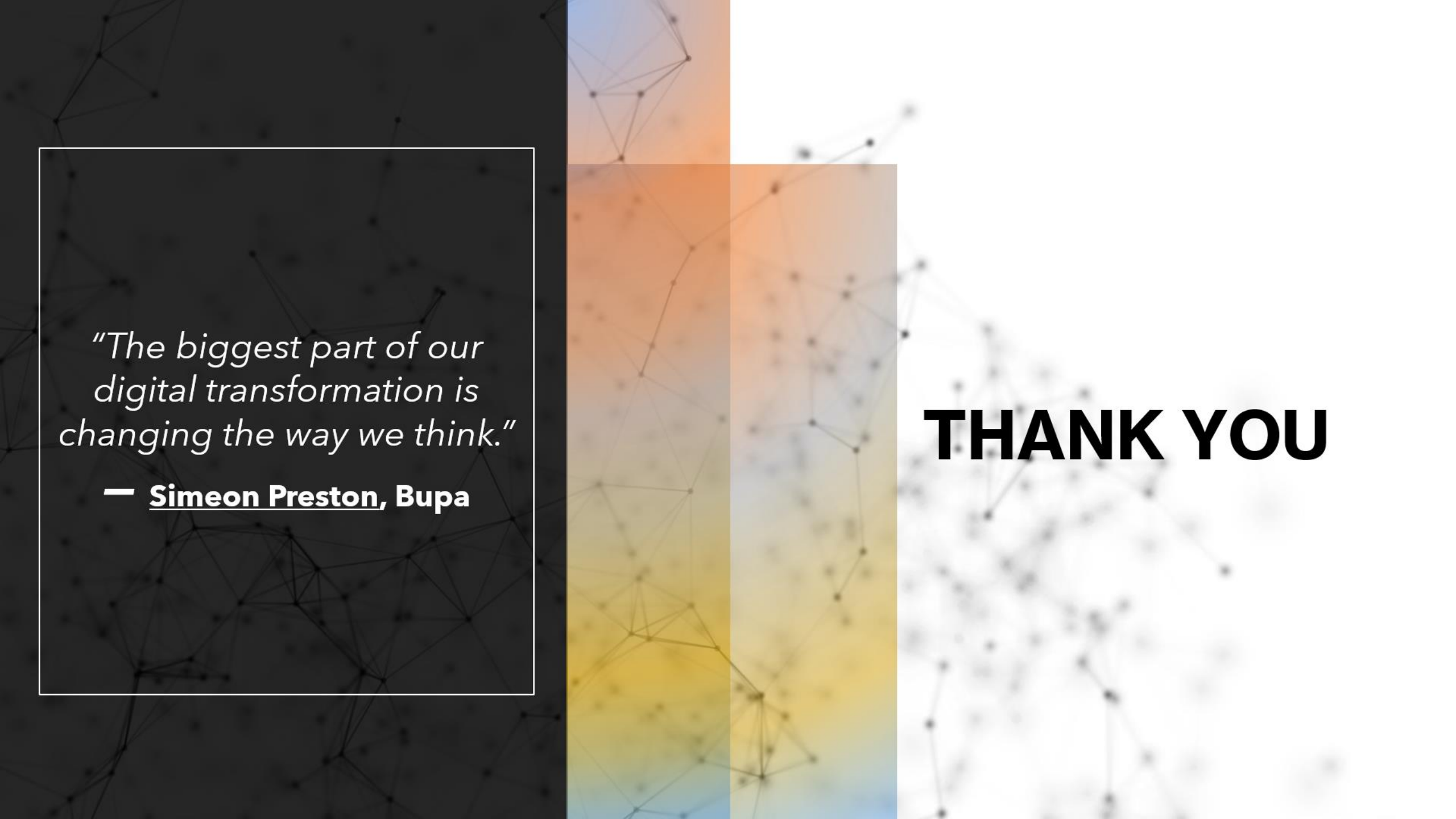
If the grant releasing year is **2023-24** (i.e Y) then the grant should be released based on the following conditions:

1. The provisional account for the year **2022-23** has to be closed by 30<sup>th</sup> April 2023
2. Audit of accounts of RLB for the year **2021-22** has to be completed before 31<sup>st</sup> March 2023
3. ATR process for the year **2020-21** has to be completed before 31<sup>st</sup> March 2023

Grant to be released subject to fulfilment of above conditions.

## SUGGESTIONS ON ATR MODULE FOR STRENGTHENING MoPR AUDIT ONLINE APPLICATION

- At present there is no constant login ID for each auditee – Hence, a constant login ID has to be allotted for the auditee.
- At present the audit online doesn't capture the details of Sarpanch and Panchayat Secretary along with their tenure to make them accountable for submission of ATR.
- Audit Online application doesn't capture the annual account statement of the auditee and without the account the audit report may not serve the desired purpose.
- Bringing uniformity among Acts of different states is needed to ensure effective implementation of ATR on audit observations.
- Already suggested to develop few MIS Reports in Audit Online application to provide the consolidated information related to audits done.



*"The biggest part of our digital transformation is changing the way we think."*

— **Simeon Preston, Bupa**

**THANK YOU**