

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA,
2nd FLOOR, TREASURY & ACCOUNTS BHAWAN,
UNIT-III, KHARAVELA NAGAR, BHUBANESWAR

No. 15179 /DLFA
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Date 28/9/13

From

Sri P.K. Biswal,
Director, Local Fund Audit, Odisha.

To

All District Audit Officers,
Local Fund Audit, Odisha.

Sub: Surcharge action and fixation of responsibility in respect of advance that remained unadjusted for more than one year and advance treated as irrecoverable.

Madam/Sir,

It has come to notice that quite often confusion arises while suggesting surcharge action and fixing responsibility in respect of advance that remained unadjusted for more than one year. It is found that in the Audit reports, surcharge action is being invariably suggested against the sanctioning authority while the person who has taken the advance is not being brought into the ambit of surcharge action.

2. In the Finance Department Letter No. 3512-V-Aud-109/1996-F, dt. 01.05.1997, it was decided that when an advance remains unadjusted even after passing of the final bill or becomes irrecoverable, the advance amount can be surcharged on the person/ persons responsible. Further, in the FD Circular No. XIV-Aud-11/2002-2221/F, dt. 08.03.2002 and the Circular No. XIV-Aud-6/2003-114/F, dt. 05.01.2004, it was clarified that any advance amount that remains unadjusted without any valid reason for more than one year in respect of accounts of auditee institutions (including Government account in case of Panchayat Samities), it should be treated as a loss to the auditee organisation and the Government and surcharge proceedings are to be initiated against the persons responsible.

3. Taking into account the instructions given in the FD Circular No. 4949-XVI-Aud-2/74/LFA, dt. 30.09.1974, No. 4667-XIV-Aud-2/72, dt. 28.11.1973 and No. 992-A-II-Aud-65/72, dt. 08.03.1973, wherein it is envisaged that in respect of payment made contrary to law, surcharge proceedings shall be instituted against the person(s) making or authorising payment but not against the payee, the auditor and the reviewing officer concerned are fixing responsibility on the advance sanctioning authority only.

4. When suggesting surcharge action and fixing responsibility regarding unadjusted advances, it should be borne in mind that while it is the responsibility of the advance sanctioning authority to take appropriate steps for adjustment of the advance or refund of the unspent amount of advance, at the same time, it is also the duty of the advance holder to submit proper bills and/or refund the unspent advance and get the advance adjusted after incurring expenditure for the purpose. When advance is paid to a Government official and he has neglected in submission of bills for adjustment, both, the sanctioning authority and the advance holder are responsible for non-adjustment of the advance. However, in case of advances outstanding against non-Government persons or agencies, the person(s) responsible for payment of the advance is/are liable for surcharge action. So, it is imperative that the auditor and the reviewing officer concerned should be very careful while recommending surcharge action and fixing responsibility in case of unadjusted advances.

5. In view of the confusion about fixation of responsibility, after careful consideration, the following guidelines are issued which should be followed scrupulously by all concerned in the matter of advances outstanding for more than one year.

i) As envisaged in the Finance Department Circular No. 2221/F, dated 8th March, 2002, the auditors, during audit, are to elicit information from the auditee organisation, on outstanding advance regarding the name & designation of the person(s) against whom the advance is outstanding, amount, purpose & date of payment of advance, the officers responsible for payment of the same along with supporting documents/records. A statement giving all the above particulars should be appended to the audit report.

ii) In case, detailed information regarding the name of advance holder and the amount is not provided by the auditee institution, the officers/personnel responsible for the payment of the advance for the relevant periods should be recommended for surcharge action for the total amount of advances outstanding.

iii) In cases where year wise break up of advances is not provided to the audit, surcharge action should be suggested against the officer/personnel who failed to provide the elicited information citing the appropriate reasons in the para of the audit report.

iv) In case of advances that remained unadjusted for more than one year or advances which are irrecoverable, both the sanctioning authority and the advance holder should be held equally responsible and surcharge action is to be suggested against them accordingly.

v) Where it is revealed from documentary evidence that the advance holder has submitted vouchers for adjustment of advance, but it has remained unadjusted due to negligence of the officer/personnel entrusted with the task, the local authority should be asked, through objection statement, to square up the outstanding advance, failing which, the said officer/ personnel is/are to be surcharged against. But the circumstances under which surcharge action is thus recommended should be clearly stated in the para.

vi) In case of works, the advances which remain unadjusted, even after passing the final bill, may be included in the surcharge list even though they may not be outstanding for more than one year.

This circular will have immediate effect. Surcharge cases already finalised will not be reopened. However, pending cases may be decided in the light of the above guidelines.


Yours faithfully,


Director

Memo No. 15/80 /DLFA, Date 28/9/13

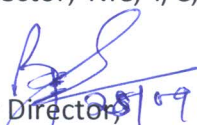
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It is requested that this circular may be communicated to all subordinate offices under their control.


Deputy Director, 28/09/13
Local Fund Audit, Odisha

Memo No. 15/81 /DLFA, Date 28/9/13

Copy to all Officers, DLFA/all Audit Superintendents at DLFA/ all Auditors, DLFA/ Programme Section/G.P. Section/ Establishment Section, DLFA, Odisha/ Technical Director, NIC, I/C, ALFA for information and necessary action.


Deputy Director, 28/09/13
Local Fund Audit, Odisha