



## ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o VC & MD: Accounts Wing,  
RTC House: Vijayawada,  
Date: 12.03.2018.

No:MA1/4(AA) 2017-18-AD

### **ACCOUNTS CIRCULAR NO: 16 / 2017-18**

**Sub: ANNUAL ACCOUNTS** – Maintenance of proper Books of Accounts and Compilation of Statement of Accounts for the year 2017 - 18 so as to reflect Correct, True and Fair view of Profit and Loss Account & Balance Sheet – Instructions issued - Reg.

**Ref:** Accounts Circular No 14/2016-17, dated 10.03.2017.

#### **1. STATUTORY OBLIGATIONS:**

Under Section 33 of the RTCs Act 1950, "The Corporation shall maintain proper Accounts and other records and prepare an annual statement of Accounts including the Profit and Loss Account and the Balance Sheet in the form prescribed by the State Government in consultation with the Comptroller and Auditor General of India. The Accounts of the Corporation shall be audited annually by the Comptroller and Auditor General of India or his nominee..."

#### **2. TIME SCHEDULE**

In order to fulfil the above statutory obligations, the following time schedule is prescribed for compilation, consolidation and submission of our Annual Accounts for the financial year 2017-18 to the Board and to A.G.

- a) Submission of Mar 18 Provisional Accounts Current by all Accounts centers in Regions / Zones to the Regional / Zonal Dy. CAOs /AOs and HO units to Dy.CAO (MA) on **10<sup>th</sup> Apr'18.**
- b) Submission of Mar 18 consolidated Final Accounts Current of Regions/Zones to Head Office along with accompaniments Suspense Registers, AO/CE to submit Fixed Assets register, Depreciation register softcopies, All HO units to furnish Notes to Accounts issues along with final submission of Accounts current on 30th **Apr'18.**

#### **3. CONVENING MEETINGS**

As soon as Feb accounts are over, the Dy.CAOs/AOs of all the Consolidation Centres shall conduct Annual Accounts Meetings of all the Accounts Supervisors of their constituent Units to review –

- Irregular balances,
- Abnormalities in balances,
- Unusual operation of Ahs
- Infrequent transactions
- Compliance of Accounts Circulars issued during the FY and
- Omissions and Commissions pointed out in AG's audit etc.

#### **4. The following guidelines are issued for strict compliance:**

##### **i) Accident Composition**

Review correctness of accountal for payment towards Accident Compensation with reference to Accounts Cir No 12/2002 dt 27<sup>th</sup> Sep 02.

Further as we maintain our accounts on accrual basis, Provision for Outstanding Expenses shall be booked in respect of Motor Accident Claims pending as on 31<sup>st</sup> March every year as detailed below;

**A)** In respect of Claims for which Compensation amounts are awarded in Lok Adalat or MACT or Court on or before 31<sup>st</sup> March, Provision has to be made for the awarded amount, if ALL the following conditions are fulfilled.

- i) Award or Judgment is pronounced on or before 31<sup>st</sup> March;
- ii) Decision is taken to accept the Award or Judgment; and
- iii) Payment could not be made on or before 31<sup>st</sup> March for want of communication or order or sanction etc.

(a) In respect of other Accidents, which occurred on or before 31<sup>st</sup> March, provision has to be made at rates prescribed ( Rs 50000 for each death case and Rs 25000 for each permanent disability case) in the M V Act. This provision has to be made for all pending Accident cases irrespective of whether Claims are received or not.

(b) Provision calculated as above shall be booked (Dr AH 6901 and Cr AH 1141) in Mach accounts every year of all Regional Offices for and on behalf of their constituent Depots. The Provision JE has to be just reversed in March accounts of the ensuing year. Thus in March accounts of all Regional Offices, two JEs have to be passed, one for reversing the Provision JE in March accounts of previous Year and making Provision for Outstanding Expenses as on 31<sup>st</sup> March of Current Year.

**B)** Correctness in Accounting of payments towards Accident Compensation shall be ensured with reference to the Accounts Letter No. MA1/4(1)/2003-04-AD dated 16-04-2005.

The Personnel Officers / Law Officers in the Regions and Senior Law Officer in Head Office are advised to give complete information on the outstanding claims of MACT and others as on 31.03.2018 to the Accounts Officers / Dy. CAOs concerned by 5<sup>th</sup> Apr'18.

##### **ii) ACCRUAL BASIS:**

a) Carry out all required adjustments for (i) Outstanding Expenses, (ii) Income accrued but not received, (iii) Pre-paid Expenses and (iv) Income received in advance.

**b)** With regard to Outstanding Expenses, if figures of actual expenditure are known before passing provision JE, exact amounts have to be taken into consideration. If figures of actual expenditure are not known, probable expenditure has to be estimated based on past experience, correspondence etc., using best judgment in the circumstances. There should not be any omissions in identifying "Items" of expenditure.

**iii) Physical verification of Assets:**

**Physical verification of Assets** i.e. Land, Buildings, Vehicles (as per format in "Encl –A", Plant & Machinery, Furniture & Fittings and Electronic Equipment etc and Oils / Stores at all Depots / Zones shall be carried out.

----**Annexure 1**

Tyre Censuses has to be carried out at Depot level, TRS, J – Ward at Zonal level as on 31-03-2018 invariably and Depot Accounts Supervisor/ Regional Audit Inspector/ Zonal Audit Inspector has to certify the inventory of Tyres duly Cross Checking with norms as per format given in "Encl – B".

----**Annexure 2**

Float Units: WMs of ZWS has to complete Float unit's reconciliation as on 31.03.2018 and submit a report to Dy.CAO of the Zone to conduct physical verification of Float units along with the value.

----**Annexure 3**

The physical verification shall be completed by the end of 25.04.2018 and submit report to Dy.CAO(TA&I) and copy to Dy.CAO(MA) along with March 2018 Final Accounts submission.

**iv) Bills Receivables.**

- a) For all the amount receivables in respect of Police Warrants, Postal Mail Bags, Interstate Oil Supplies, Special Hires etc. claims shall be preferred by 31.03.2018 by raising bills. In case of the disallowances made for the bills raised already, proper adjustments shall be made duly obtaining orders of the competent authority.
- b) The Account Head 0826- Amount Payable to Other RTC & AH 2326 – Amount receivable from Other RTC which are being operated by both the States for Receivable / Payable from the respective other states requires to be reconciled / cleared in each unit in March 2018 Accounts itself positively without fail. It is the responsibility of the concerned Dy.CAOs/AOs of the Originating Region / Zone /Unit to ensure that the balance is cleared.

**v) Accounting of HSD OIL Shortage or Excess as at 31<sup>st</sup> March 2018:**

The difference between Physical balance and Book balance shall be taken into Accounts as per Circular No.3/2010 dt.23.03.2010.

The HSD Oil transactions should be Reconciled with MTD 29/R: The HSD Oil closing stock should be reconciled with closing stock balance of MTD 29/R. Certification to that extent should be given by the Depot Managers, MF and Accountant along with March, 2018 Accounts to the Dy. CAOs/ AOs of the Region. All regional AOs/Dy.CAOs shall give certification that all MTD- 29 R have been audited to Dy.CAO/MA and Dy.CAO/TA & I.

----**Annexure 4**

**vi) CAPITAL GRANTS:**

EEs' Offices have to ensure compliance of instructions in Accounts Circular No 14 DT 6<sup>th</sup> Sep 03 (at page 60 of Accounts Circulars Book for 2001-2003) for booking of Capital Grants on receipt, to AHs 0320- Capital Receipts-Spl. Schemes or AH 0321- Capital Reserves as the case may be

and transferring the Capital Grants to the HO along with information in the prescribed pro-forma after completion and capitalization of relevant Work. Also Confirmatory Certificate that "all the Capital Grants received against which Works are completed have been transferred to the AO (Works), HO has to be sent along with the Mar 18 Account Current. All Executive Engineers shall give certification in this regard to Dy.CAO/MA.

----Annexure 5

**vii) CASH RETRENCHMENTS:**

There shall be No Outstanding balance in AH 2814 "Payments Pending Classification". Necessary clearance shall be done to respective A.Hs.

**viii) CIVIL WORKS:**

Capitalization and submission of Works Expenditure statements and Schedule- F: EEs' Offices have to capitalize the Works, which are partly completed and put into use with the expenditure incurred till the date they are put to use to AH 1628- BLDG-Bldgs. Partially Completed. After issue of Completion Report, the entire amount be capitalized and booked to the respective capital Asset Head.

Works Expenditure statement containing the details of .....

- a) Works sanctioned and completed during the year
- b) Works sanctioned earlier but completed during the year,
- c) Works sanctioned during the year but still in progress
- d) Works sanctioned earlier but still in progress,
- e) Further Expenditure incurred on the works earlier completed and
- f) Works partly completed and put into use during the year,

Shall be compiled and furnished by EEs' offices to the concerned Zonal Dy.CAO. After verification with the relevant Accounts Current / Ledger, the Zonal Office shall submit Schedule-F to Works Audit section at Head Office and Works Audit Section of Head Office shall furnish consolidated Schedule-F- Fixed Assets to the Main Accounts Section at Head Office.

Closing stock of inventory like Cement and Steel etc., shall be accounted to AH 2191- INV-Cement, AH 2192- INV-Steel, & AH 2193- INV-AC Sheets etc... The valuation and physical stock shall be verified by the Zonal Audit Inspectors.

----Annexure 6

**ix) CONTINGENT LIABILITIES:**

"Contingent Liabilities are those claims, which are in dispute and may or may not crystallise into actual liabilities".

It shall be ensured that there are no omissions in disclosure of Contingent Liabilities towards Claims for

- a) Accident Compensation (excess of Claim amount over and above the amount already charged off to expenditure under AH 6901 or 6904), (b) Back Wages, (c) Monetary Benefit, (d) Property Tax (e) Service Tax (f) Income-Tax (g) Land compensation claims. (h) MV Fines. (i) VAT/GST (j) Others.

The Personnel Officers / Law Officers / Senior Law Officer / Administrative Wings of the units shall furnish the above information to the concerned Accounts Sections / Offices by 3rd April, 2018 without fail. Item wise break up to be submitted along with the Annual Accounts.

x) **DRAWING ACCOUNT:** Mar 18 salaries shall be accounted in 31<sup>st</sup> Mar 18 Accounts and cheque shall also be written on 31.03.2018 itself irrespective of payment date in April.

xi) **IMPREST ACCOUNTS:** Imprest Accounts to be closed on 31<sup>st</sup> Mar 2018 and audited compulsory and submit compliances to Dy.CAO(TA&I) and Dy.CAO(MA).

-----Annexure 7

xii) **CLEARANCE OF INTER UNIT ADVICES:**

- a) Debit and Credit Advices shall not be issued in the accounts of March except for transfer of Out Depot Remittances (ODR), Police Warrants, Funds, Stores and Workshops, Profit/Loss on sale of scrap and Non Departmental Recoveries (NDRs) only.
- b) If any of the Debit or Credit Advices raised in March accounts for specified purposes against Units WITHIN the Consolidation Centre could not be dispatched before 20<sup>th</sup> Apr, the same should be handed over to the AO of the Consolidation Centre who should get them incorporated in accounts of Responding Unit before closing Accounts at the Consolidation Centre level. Before closing March Accounts, the Dy.CAO/AO shall ensure one hundred percent clearance of all Advices exchanged between Units WITHIN the Consolidation Centre.
- c) With regard to Debit or Credit Advices raised in March accounts for specified purposes against Units OUTSIDE the Consolidation Centre that could not be dispatched before 20<sup>th</sup> April-
  - 1) For Stores, Workshops expenditure and Income towards sale of scrap vehicles and materials, the Dy CAOs maintaining Stores Accounts shall book expenditure and income to final heads of account and hold in their books of account only. In such cases, Region-wise break up has to be furnished by way of letters to the Dy CAOs/AOs of the respective Regions as well as to the Dy CAO(MA) in name cover and appropriate adjustments will be made at the Corporate Office while compiling Region wise Profit & Loss Account for march. However, in respect of Stock transfers to other Zonal Stores, Advices should be sent per bearer and got accepted; else inventory Reconciliation would be affected.
- d) In case of March Advices for other specified purposes, Origination Units should send Advices, in original, to the Dy CAO(MA): HO for further action.
- e) In cases where issuance of Advices for purposes other than those specified at (a) above becomes necessary in the calendar month of March, the same may be issued booking their issue in April accounts. Responding Units should accept such Advices in April accounts only but not in March accounts.

There shall be no amount on outstanding advices.

**xiii) MATERIALS-IN-TRANSIT:**

Zonal Offices and Regional Offices (Tirupathi) maintaining Stores Accounts have to assess and book the value of

- (a) Material received and lying in the Receipts Section as on 31<sup>st</sup> Mar 18.
- (b) Material rejected but not returned to the Supplier as on 31<sup>st</sup> Mar 18 by debiting AH 2164 and Crediting AH 0829 in Mar 18 Accounts. The JE shall be reversed in April 2018 Accounts. (Ref: Accounts. Cir. No. 3/1996-AD at Page 107 of the Accounts Circulars Book 1991-2000)

All Zonal Dy.CAOs shall ensure that all the issue notes issued upto 31.03.2018 are invariably accounted at Depots in Mar'2018 Accounts only.

**xiv) Accounting of Depot Stores:**

The Dy. CAOs/AOs shall conduct verification of Inventory balances as on 31.03.2018 as per 27 / R by debiting AH 2166 and crediting relevant AHs in Group 41 of the respective Depots duly reversing the Journal Entry passed in March, 2017 Accounts.

**xv) MONETARY BENEFIT:**

Monetary Benefit Claims, received on or before 31<sup>st</sup> Mar 18 and pending for disposal on 31<sup>st</sup> Mar 18 shall be listed out in detail and the liability at rates prevailing as on 31<sup>st</sup> Mar 18 shall be assessed and booked into Accounts, that is, a) Reversing the Provision JE made in Mar 17 Accounts of the last year and b) Booking the Provision with Dr. AH 6061- Monetary Benefit Scheme and Cr. AH 1132- C/L-Pay & Allowances etc. for Outstanding Monetary Benefit at the end of Current Year.

In cases of employees died in harness on or before 31<sup>st</sup> March and for which Monetary Benefit Claims are not received, we have to disclose the amount involved as "Contingent Liability". Ref: Accounts Cir.No. 12/2003, dt 28<sup>th</sup> Jul 03;

**xvi) PRIOR PERIOD TRANSACTIONS:**

It shall be checked whether Previous Year(s) Transactions are correctly distinguished from Current Year's Transactions as under:

- (A)** When any payment or receipt relating to Previous Year(s) is made or received in the Current Year:
  - i) If the provision was NOT MADE in Previous Year(s), AHs prescribed for Previous Year(s) transactions shall be operated.
  - ii) If the provision WAS MADE in Previous Year(s), AHs prescribed for Current Year transactions shall be operated for the difference amount
- (B)** When Provisions for expenditure are made on assumption basis and the actual payments vary with the provisions made:
  - i) Excess of the provision over Payment has to be credited to the expenditure heads of account of the Current year only; and

- ii) Excess of Payment over the Provision has to be debited to the expenditure heads of account of the Current year only.

**(C)** The Provisions made in Previous Years may have become superfluous on account of

- i) The liability not materialising for any reason, or
- ii) Actual payments in the subsequent year would have been wrongly debited to final heads of account with out connecting the provisions made in previous year (s). In such cases, outstanding Provisions have to be withdrawn by debiting the Account in which Provision is unnecessarily held and crediting the AHs prescribed for previous year transactions.

**xvii) CLEARANCE OF STOCK ADJUSTMENT ACCOUNTS:**

- a) Hundred percent clearance shall be ensured in respect of all the amounts booked under the AH NOs 2803, 2804, 2807, 2808 up to the end of Previous Year by COS / Dy. CAOs of the Zones.
- b) The amounts booked under AHs 2805, 2806, 2868 and 2869 towards Shortage / Excess of HSD Oil should be cleared by Depot Managers/Dy.CAOs/AOs duly obtaining the necessary sanction/Concurrence.

**xviii) STORES OBSOLESCENCE FUND:**

Zonal Offices and Regional Office (Tirupathi) maintaining Stores Accounts have to confirm that any Loss due to disposal of Obsolete Stores is debited to AH 7687- CONT-Stores Obsolescence Fund.

**xix) WORKSHOPS:**

The Floor stock shall be verified by the concerned Dy. CAOs / AOs in view of the directive from the Committee on Public Undertakings to the Corporation and consequential Circular instructions by ED (E) vide his Cir Lr. No COS CII/CMC/17/98-99/SPD dt.14.10.'98 not to stock the materials more than 2 Days consumption in the Workshops since the Stores is located adjacent to the workshops.

**Floor Stock at ZWS:** Closing stock lying on the floor at Zonal workshops as on 31.03.2018 shall be taken into Accounts. The respective AHs in 21 Group shall be Debited and respective AHs in 56 group Credited as on 31.03.2018 duly reversing the JE passed in March 2017.

**xx) MAINTENANCE OF SUBSIDIARY REGISTERS:**

Subsidiary Registers AH wise for all the groups viz., 03, 04, 06, 08, 09, 10, 11, 12, 16, 17, 19, 20, 21, 22, 23, 24 and 28 shall be updated upto 31.03.2018 with sufficient details tallying with Ledger/Account Current balances by all the Account Centers and this shall be submitted along with Final submission of Mar'18 Accounts.

- xxi) Revenue Scrap Suspense:** The value of Scrap material in scrap yard shall be assessed and Debit respective Accounts Heads in AH Group 22 and Credit AH 2830. The amount accounted in March 2017 Accounts shall be reversed in the March 2018 Accounts.

**xxii)** Inventory at TRS: The Closing Stock at TRS as on 31.03.2018 shall be debited AH 2167 and Credited AH 5476. The amount accounted in March 2017 Accounts shall be reversed in the March 2018 Accounts.

**xxiii) Omissions and Commissions:** After submitting of consolidated Account Current, no entries shall be made by the consolidation centres also without the permission of the Dy.CAO (MA) / Head Office.

**xxiv) Passengers Amenities Fund:** It shall be ensured that the accounting of Bus Station transactions are done to the AHs prescribed as per the Accounts Circular No.5 / 2013-14, dated 12.08.2013. Compliance in this regard month wise Bus station wise details to be furnished to Dy.CAO (MA) along with accompaniments.

----Annexure 8

**xxv) Bank Reconciliation Statement:**

All Depot Managers / Unit Officers are advised to verify and update the BRS of their Unit as on 31<sup>st</sup> March, 2018 and submit to Accounts Office along with March, 2018 Accounts. The BRS shall be completed before Finalisation of Annual Accounts and necessary entries shall be passed for the items not accounted. All Dy.CAOs and AOs shall audit the BRS of the units under their control along with 51 B vouchers and CIR paid vouchers. Compliance in this regard shall be sent to Dy.CAO(TA & I) / DY..CAO (MA).

----Annexure 9

**xxvi) Stall Rents:**

- a) The Stall rents amounts should be reconciled with PD Stall Rent Periodicals and submit the same to the Accounts Officer of Region along with March, 2018 Accounts. Certification to the extent should be given by the Depot Managers along with March, 2018 Accounts to the Dy. CAOs/ AOs of the Region and to Dy.CAO(MA) and Dy.CAO (TA&I).
- b) Security deposits of stalls, outsourcing contracts & other deposits should be reconciled with PD and submit the same along with March 2018 Accounts.
- c) BOT/ DOT: BOT / DOT revenue shall be accounted on accrual basis as per agreement and penalty and interest shall be collected on delayed payments.

Provision shall be booked for the property tax , GST amount not paid by DOT/BOT licensees in Mar'2018 Accounts.

----Annexure 10

**xxvii) Accounting of Insurance payments:**

The claim amounts received from Insurance Companies pertaining to previous policy period shall be credited to **AH 2459(NEW) – Passenger Insurance Claims**. The claims released to the Claimants shall be debited to this head. This is a Suspense Account and shall be maintained along with the details like Passenger Name, Vehicle Number, Date of Accident to have control in future MACT claims by the passengers.

-Ref. Cir No.22/2016-OPD(C) dt.13/7/2016

**All the regional Dy CAO's & AO's shall ensure that the MACT payments against the PHB involved in accidents is accounted to the AH 2456- MACT paid for Hire Vehicles – Recoverable appropriately.**

Since the corporation is reimbursing the insurance premium to the Hire Vehicles, the Corporation shall recover the same from Hire Vehicle owners / insurance companies at any cost.



The payments made towards repairs to High end vehicles shall be accounted to **AH 2460 – Damages to High end Vehicles (New)** – which is a Suspense Account and shall be cleared upon claims received pertaining to previous policy period from Insurance Company.

-Ref.OPD(C) & MED Jt. Cir no.18/2016 – OPD(C) Dt.24/6/2016

**xxviii) Depreciation:** The DMs shall cross verify the Kilometres statement with MTD 151 A for the correctness of the vehicle numbers and certify the same. Dy.CAO/SPA&CE shall arrive at the actual depreciation to be booked during the year 2017-18 by all the Regions and arrive at the depreciation to be accounted for 2018-19 based on the actual depreciation accounted for 2017-18.

**xxix) Provision for RPS 2013 Bonds:** The balance in the AH 2853 – RPS 2013 Bonds Issued shall be nil. AH 1163 – C/L-RPS Arrears 2013 Bonds Issued shall reflect the actual outstanding amounts as on the date. If there are any adjustments to be carried out to bring the correct balances, AH 7518 - PROV-Revision of Pay Scales can be operated.

**xxx) Zonal Stores :**

The Zonal Dy CAOs along with COS shall review the non moving items and items which are to be obsoleted as per the LFC meeting discussions, the same shall be accounted after obtaining the sanction of competent authority duly following the disposal processes.

**The Dy CAOs/AOs shall scrutinise the March accounts of all their constituent Units at draft stage before finalisation. They shall also submit their consolidated accounts to the Corporate Office for scrutiny at draft stage.**

**The Consolidation centres shall ensure submission of consolidated Accounts Current for March in entirety and after carrying out all required adjustments by the due date. Three copies of March Accounts Current are required to be kept ready for submission to the Audit parties at the time of audit.**

## 5. ACCOMPANIMENTS:

Following statements are required to be submitted along with the Annual Accounts in addition to the above annexures.

Age-wise break up of Suspense Balances: More than 3 years (Upto 2013-14), Between 3 years to 1 year (2014-15 to 2016-17) and Below 1 year (2017 -18) for the balances exhibited in Mar 18 Account Current for all Ahs in 11, 12, 23, 24, 28 Groups. Before submitting Age-wise Break up of Suspense Balances to the Head Office, it shall be ensured that it does tally with the Closing Balances of Account Current.

----Annexure 11

2) Contingent Liabilities: Transaction-wise break up i.e.

- i) M.V Fines & M.V Taxes,
- ii) Motor Accident Compensation claims, iii) Property Tax,
- iv) Land Compensation and
- v) Others. Court payments shall be categorized clearly basing on the nature of transaction.

----Annexure 12

- 3) Receipt on Capital Account: Details of the amount credited / debited to AH 0320- Capital Receipts-Spl. Schemes, summarized statements for the consolidation Center have to be accompanied by first copies of the statements received from the constituent Units. This information has to be furnished only for the amount debited / credited during the year but not for the Closing Balances.

----Annexure 13

- 4) The list of Bank guarantees for the Bank Guarantees held with us as on 31<sup>st</sup> March'18

----Annexure 14

## 6. AUDIT:

As soon as the Annual Accounts got approved by the Board, the A.G. will be requested to take up audit. The Dy CAOs and AOs of all Consolidation Centres shall extend necessary co-operation to Audit Parties in collecting information/ data required by them.

Any objection raised/memo received from the Audit shall be attended to on priority basis. One copy each of all Audit Enquiries, Replies given to AG and provisional comments on accounts be filed in a separate file and forwarded to the Dy.CAO(MA).

As far as possible, JEs shall be proposed to rectify instances of misclassification involving other than Revenue Ahs on both sides and produced to the AG before completion of the Audit.

When Memos are issued in case of subjects such as Land Acquisition etc., dealt in the Head Office, the concerned Officials have to fax Memos, get replies from concerned Section and furnish to the AG Audit parties since primary responsibility for furnishing replies lies on the Auditee Units.

In cases where matter of principle is involved, the subject should be referred to the HO for directive so that uniformity could be ensured.

## 7. APRIL ACCOUNT CURRENT:

March Closing Balances in respect of Ahs for which balances are required to be carried forward from year to year shall be adopted as Opening Balances in April Accounts Current by all the Accounting Units. The consolidated April Accounts Current shall be submitted to reach the Corporate Office by 6<sup>th</sup> May invariably through concerned Accounts Supervisor for scrutiny at the Corporate Office with specific reference to carrying over of balances.

## 8. Persistent Comments of AG

1. **Adequacy of Internal Audit System:** Corporation does not have Internal Audit System commensurate with the size and nature of its business. Internal Audit wing was suffering from severe shortage of man power. As on 1<sup>st</sup> June 2014, 6436 Internal Audit paras were outstanding indicating that proper attention was not given to Internal Audit observations at all levels of Management and the benefit of Internal Audit was not fully derived by taking appropriate remedial action. Internal Audit wing needs to be strengthened by providing sufficient man power and follow up action on the Internal Audit observations needs to be taken in a time bound manner.

**Action-** Necessary Action to be taken by Chief Auditor

**2. Non-clearance of balance under "AH 2815 – M.V. Fines pending adjustment" for more than a decade (Schedule E)**

The balance outstanding in the above AH as on 1 June 2014 was ₹ 30.99 lakh {₹ 21.19 lakh in the books of AO (B&F) and ₹ 9.80 lakh in the books of Medak Region}. As per the information available with Audit, the above balances remained unadjusted at least from 2003-04, resulting in its overstatement.

Despite repeated comments/observations on the Accounts of the Corporation in previous years it was observed that no efforts were made to trace the details or write them off.

Non-clearance of balance under this Account Head for such a long period points to inadequacy of internal control mechanism

**Action-** DYCAO (B&F) shall transfer the amount outstanding in the AH 2815-M.V. Fines pending adjustment to AH 9202- Penalties & Fines

- 3.** Corporation was running a medical reimbursement scheme for the benefit of their retired employees according to which medical expenses up to a maximum of ₹ 4 lakh is met by the Corporation on each retired employee/spouse (member) upon payment of onetime contribution at the time of retirement. Even though significant recurring expenditure is being incurred on this, Corporation did not maintain a database of number of retired employees who opted for the scheme, total membership fee received, quantum of expenses already incurred on each member, balance that could be claimed etc., In the absence of these details, financial impact of the scheme on the Corporation and whether the expenses were limited to the ceiling limit specified could not be verified.

**Action-** Necessary action to be taken by Dy.CAO(SPA&CE) to comply with the requirement.

- 4.** Register indicating the details of bank guarantees available with the Corporation as on 1<sup>st</sup> June 2014 was maintained by only one section of Head Office. In the absence of details in respect of other departments/sections of Head Office, bank guarantees held could not be verified. Lack of control over bank guarantees has resulted in non-encashment of bank guarantee of ₹ 0.54 crore before it was lapsed in one case and loss of interest of ₹ 5.54 crore due to delay/non-encashment in two other cases.

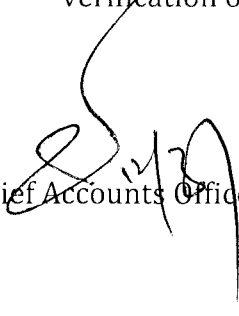
**Action-** Necessary action to be taken by Dy.CAO(SPA&CE) to establish the bank guarantees register.

- 5. System of Physical verification of fixed assets:** Physical verification of all the Assets (both moveable and immoveable Assets) was not conducted during the year. In the absence of this, whether there were any differences in the book balance and physical balance of assets could not be verified.

**Action-** Necessary action to be taken by Chief Auditor shall monitor for compliance of the physical verification of Fixed Assets.

- 6. System of Physical verification of inventory:** Inventory of stores, spares, medicines etc., was not physically verified during the year. In the absence of this, whether the value of the inventory shown in the books of Accounts actually existed as on 1<sup>st</sup> June 2014 was not known.

**Action-** Chief Auditor shall take necessary action for completion of Physical verification of Inventories in all the units.

  
Chief Accounts Officer.

To  
All the EDs / RMs.  
All the Dy. CPMs/ POs/SLO/ LOs  
All the Dy. CAOs and AOs,  
All the Executive Engineers,  
All the Depot Managers,  
The Dy.CTM/ATM(PNBS & DBS),  
All other Officers concerned,  
APSRTC.

Copy to VC & MD for favour of information pl.

Copy to FA, CM (A) for information and necessary action.

Copy to the Resident Senior Audit Officer, AG RTC Branch, RTC house for information.