

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

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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.

