

**8.2 Auditing of accounts of DRDAs – Appointment of Chartered Accountants**

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Rural Development (SGSY) Department

G.O. (Ms.) No. 132

Dated: 26.08.2004

Read:

1. Principal Accountant General (AU), Chennai – 18, D.O.No. AG (AU)I / SAB.I/I GI / 2002 – 03 / 183 Dated 25.09.02 and 21.10.02.
2. Director of Rural Development Rc. No. 86856/2002/SGSY-1 dated 28.02.03 and 07.04.03 Additional Secretary to Government of India and Financial Advisor, Ministry of Rural Development, New Delhi D.O.PAO / SPL. Cell (RD) 2003-04/20 / dated 22.06.04 Deputy AG – ISC.II, Chennai No. AG(AU)I /SAB/I/GI/2004-05 / 253 dated 17.08.04

**ORDER**

In the reference first read above, the Accountant General (AU.I) when auditing the Accounts of District Rural Development Agency, Vellore for the year 2000 – 01 has observed certain deficiency on the part of the Chartered Accountants in issuing audit certificate on schemes. It was also suggested that the chartered Accountants may be appointed from the empanelled list available with Finance Department for this purpose.

2. The matter was examined in greater detail in consultation with Director of Rural Development and Accountant General (Audit). The Director of Rural Development in the reference second read above recommended that the District Collectors may be empowered to appoint auditors in connection with Accountant General (Audit).

3. In the reference 3<sup>rd</sup> read above, the Additional Secretary to Government of India and Financial Adviser of Ministry of Rural Development, New Delhi has brought out that the Accounting study of fund management conducted through chief controller of Accounts from time to time have revealed the deficiencies in the preparation of final accounts and their audit by chartered Accountants. Further, the appointments and functioning of the chartered Accountants do not have uniform code, which resulted in to lapses in this regard. Based on the findings the Ministry of Government of India has worked out certain broad guidelines, which are required to be followed for the appointments and functioning of the Chartered Accountants. The Accounts General (Audit) has suggested that the panel of chartered Accountants prepared by District Collectors, may be approved by Government following the broad guidelines given by Ministry of Rural Development, Government of India vide the reference 3<sup>rd</sup> read above.

4. Taking into consideration, the revised accounting procedure for District Rural Development Agencies as amended in 2001; the guidelines set out by the Ministry of Rural Development, Government of India; the suggestions of Director of Rural Development and the Accountant General (Audit), the Government issues the following procedure for appointment of Chartered Accountants for auditing the accounts the accounts of District Rural Development Agencies:-

- (i) District wise panel of chartered Accountants from among the empanelled list shall be prepared by District Collectors.
- (ii) The Government empower the Director of Rural Development to approve the panel of Chartered Accountants prepared by District Collectors. He shall follow the broad guidelines given by Ministry of Rural Development, Government of India in this regard in the reference 3<sup>rd</sup> read above.
- (iii) The approved panel should last for 3 years.
- (iv) Appointment of each Chartered Accountant for a particular District shall in no case exceed three years at a time.

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- (v) A chartered Accountant can be reappointed for second term after expiry of two years of its first term. However there shall be no reappointment for more than two terms;
- (vi) The Auditors to be appointed should have a practicing experience of not less than ten years period;
- (vii) Preference shall be given to those who have experience of auditing the account of State / Central Government undertaking / Government Autonomous Bodies / Government Institution and Nationalized Banks;
- (viii) The Chartered Accountant to be appointed shall follow the Accounting procedure for District Rural Development Agencies / Societies (as amended in 2001) prescribed by Ministry of Rural Development, Government of India, New Delhi and
- (ix) The Chartered Accountants to be appointed shall also be instructed to follow the guidelines given by Ministry of Rural Development vide the reference 3<sup>rd</sup> read above while auditing the final accounts of District Rural Development Agencies.

8. The Director of Rural Development may be requested to communicate the panel of Chartered Accountants approved for each district, to the Government, the Accountant General (Audit), Chennai and the Ministry of Rural Development, Government of India, New Delhi for reference.

(By order of the Governor)

**SANTHA SHEELA NAIR**  
SECRETARY TO GOVERNMENT